REGIONAL DEVELOPMENT

ECONOMIC, SOCIAL AND TERRITORIAL SITUATION OF SWEDEN

NOTE
NOTE

Abstract
This note provides an overview of Sweden, its political, economic and administrative system, together with a description of the European Union support it receives and the Operational Programmes contained in the National Strategic Reference Framework for the period 2007–2013.

Special attention is given to the Kiruna municipality and the specific characteristics of the northernmost regions.

The note has been prepared in the context of the Committee on Regional Development's delegation to Sweden, 16–18 June 2013.
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<th>Description</th>
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<tr>
<td><strong>DG REGIO</strong></td>
<td>Directorate-General for Regional Policy, European Commission</td>
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<tr>
<td><strong>EAFRD</strong></td>
<td>European Agricultural Fund for Rural Development</td>
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<td><strong>ERDF</strong></td>
<td>European Regional Development Fund</td>
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<tr>
<td><strong>ESF</strong></td>
<td>European Social Fund</td>
</tr>
<tr>
<td><strong>EU</strong></td>
<td>European Union</td>
</tr>
<tr>
<td><strong>EUR</strong></td>
<td>Euro</td>
</tr>
<tr>
<td><strong>GDP</strong></td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td><strong>GNI</strong></td>
<td>Gross National Income</td>
</tr>
<tr>
<td><strong>LAU</strong></td>
<td>Local Administrative Units</td>
</tr>
<tr>
<td><strong>LKAB</strong></td>
<td>Luossavaara-Kiirunavaara AB</td>
</tr>
<tr>
<td><strong>NATO</strong></td>
<td>North Atlantic Treaty Organization</td>
</tr>
<tr>
<td><strong>NSRF</strong></td>
<td>National Strategic Reference Framework</td>
</tr>
<tr>
<td><strong>NUTS</strong></td>
<td>Nomenclature of territorial units for statistics</td>
</tr>
<tr>
<td><strong>OP</strong></td>
<td>Operational Programme</td>
</tr>
<tr>
<td><strong>PPS</strong></td>
<td>Purchasing Power Standards</td>
</tr>
<tr>
<td><strong>RP</strong></td>
<td>Regional Programme</td>
</tr>
<tr>
<td><strong>SALAR</strong></td>
<td>Swedish Association of Local Authorities and Regions</td>
</tr>
<tr>
<td><strong>UN</strong></td>
<td>United Nations</td>
</tr>
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</table>
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1. KEY FACTS AND FIGURES

Figure 1: Map of Sweden

Sweden is a Scandinavian country located in Northern Europe. To the west, Sweden has a border with Norway (1619 km of the EU’s external border) and to the east with Finland (614 km long border). Sweden has also a bridge connection with Denmark. The Swedish coastline is 3218 km long.

Sweden has the third largest area in the European Union. The surface area of the country is 449 964 km². However it has only the 14th largest population of around 9.5 million citizens. It is, however, the largest population between the Nordic countries.

Due to the large distance between the southern and northern borders (1574 km), there are large climatic differences between the northern and southern parts of Sweden. These differences also determine the country’s demographic trends. The population density is much higher in southern Sweden than in its northern parts. In the most southern NUTS2 region, Sydsverige, the population density is around 100 inhabitants per km², while in the northern NUTS2 region, Övre Norrland, it is only 3.3 inhabitants per km².1

Sweden also experiences large contrasts between its summer and winter days. In the parts of Sweden located north of the Arctic Circle, summer days last around the clock, while in the winter polar nights are experienced.

1 Source: Eurostat for 2011.
The official language in Sweden is Swedish. There are also recognised minority languages: Sami (Lapp), Finnish, Meänkieli (Tornedalen Finnish), Yiddish and Romani Chib.

**Table 1. Key Data**

<table>
<thead>
<tr>
<th>Area</th>
<th>449,964 km²</th>
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<tbody>
<tr>
<td>Population</td>
<td>9,482,855</td>
</tr>
<tr>
<td>Population density (per km²)</td>
<td>23</td>
</tr>
<tr>
<td>Official language</td>
<td>Swedish</td>
</tr>
<tr>
<td>Currency</td>
<td>Krona (SEK) = EUR 0.11</td>
</tr>
<tr>
<td>GDP per capita (PPS)</td>
<td>127*</td>
</tr>
<tr>
<td>Growth rate</td>
<td>0.8%</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>8.0%</td>
</tr>
<tr>
<td>Inflation rate</td>
<td>0.9%</td>
</tr>
<tr>
<td>Public deficit</td>
<td>0.5% of GDP</td>
</tr>
<tr>
<td>Public debt</td>
<td>38.2% of GDP</td>
</tr>
</tbody>
</table>

*Source: Eurostat for 2012, * data for 2011

**1.1. Political and governmental structures**

The Kingdom of Sweden (Konungariket Sverige) is a constitutional monarchy. The King (Carl XVI Gustaf, since 1973) is Head of State, but exercises no political power and does not participate in political life.

Sweden has four fundamental laws that together make up the Constitution:

- **the Instrument of Government** (adopted in 1974) - containing the principles of form of government, its work and competences as well as the electoral system of the parliament (Riksdag). It also describes the fundamental freedoms and rights of the citizens;
- **the Act of Succession** (1820) - describing who can inherit the throne. Since 1979 male and female successors are equal in their rights to succession;
- **the Freedom of the Press Act** (adopted in 1949) - guaranteeing the right to disseminate information in printed form as well as the rights of the citizens to access public documents;
- **the Fundamental Law on Freedom of Expression** (adopted in 1991) - extending the rights from the Freedom of Press Act on the new media such as radio, TV and digital publications.

Modification of fundamental laws is possible only if the amendment is approved by two successive Riksdags separated by elections.

Legislative power is carried out by the unicameral parliament called Riksdag. Its 349 Members are elected on the basis of proportional representation for a four-year term. A party must receive at least four per cent of all votes in the election to gain representation in the Riksdag. The current parliament was elected in 2010 and the next elections are planned in September 2014. Female members of the Riksdag constitute 44.7% of the total number of its Members, when the average for the OECD countries is 24.4.
The government is headed by the Prime Minister who is appointed by the speaker of the parliament. Currently, the Prime Minister is Fredrik Reinfeldt from the Moderate Party. The government was created by the centre-right coalition (Moderate Part, Centre Party, Liberal Party and Christian Democrats) called the Alliance, which has ruled Sweden since 2006. Since 2010, this government does not have the majority in the parliament.

The current Swedish political scene is dominated by its two biggest political parties:

- Social Democratic Party (Socialdemokraterna - S) - member of the S&D;
- Modern Party (Moderaterna - M) - member of the EPP.

Other political parties represented in the Riksdag are:

- The Green Party (Miljöpartiet - MP) - member of the Greens/EFA;
- The Liberal Party (Folkpartiet - FP) - member of the ALDE;
- The Centre Party (Centerpartiet - C) - member of the ALDE;
- The Left Party (Vänsterpartiet - V) - member of the GUE/NGL;
- The Christian Democrats (Kristdemokraterna - KD) - member of the EPP;
- The Sweden Democrats (Sverigedemokraterna - SD) - not represented in the EP.

Sweden has 20 members of the European Parliament. The Swedish Pirate Party (Piratpartiet) is not represented in the Riksdag, but has two representatives in the European Parliament. It is a member of the Greens/EFA.

For almost two centuries, Swedish foreign policy was based on the principle of non-alignment in peacetime and neutrality in wartime. Sweden has not participated in any war since 1814. It managed to preserve its neutrality even during the two World Wars. In order to maintain its neutrality, Sweden has decided not to join NATO. However, Sweden is actively involved in many humanitarian actions in the world. It is also a very active member of various international organisations, including the WTO and OECD. Since 1995, Sweden has been a member of the European Union. It joined the Schengen area in 1996, but in a 2003 referendum rejected the introduction of the EURO.

Sweden is one of the largest contributors to the United Nations and one of the few countries to meet the UN’s aid target of 0.7% of gross national income (GNI). Sweden became a member of the UN in 1946 and active involvement in the UN has been a central plank of Swedish foreign policy ever since².

**1.2. The economy**

Sweden has one of the healthiest economies in the European Union. It has the fifth highest GDP per capita³ after Luxembourg, Netherlands, Austria and Ireland. After the recession of 2008–2009, the economy recovered well and has resisted the current wave of economic crisis. This is one of the results of the economic reforms and responsible fiscal policy of the Swedish governments. The public debt in 2012 reached only 38.2% of GDP and the deficit is under very restrictive control. Government revenues and expenditures are high and during the last years were regularly exceeding 50% of GDP, which are generally higher than the OECD average. In 2011, both revenues and expenditures exceeded 51% of GDP⁴.

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² Source: [www.sweden.se](http://www.sweden.se)
³ Source: Eurostat - GDP per capita in PPS.
Table 2. Real GDP growth rate in Sweden (in %)

<table>
<thead>
<tr>
<th>TIME</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP change</td>
<td>2.3</td>
<td>4.2</td>
<td>3.2</td>
<td>4.3</td>
<td>3.3</td>
<td>-0.6</td>
<td>-5.0</td>
<td>6.6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TIME</th>
<th>2011</th>
<th>2012</th>
<th>2013f</th>
<th>2014f</th>
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</thead>
<tbody>
<tr>
<td>GDP change</td>
<td>3.7</td>
<td>0.8</td>
<td>1.5f</td>
<td>2.5f</td>
</tr>
</tbody>
</table>

Source: Eurostat, f - forecast

The Swedish economy is strongly **export orientated**. Exports of goods and services are responsible for around 50% of the Swedish GDP. Its industry, in particular car manufacturing, military industry, telecommunications, furniture production and pharmaceutical industry, is strongly based on advanced technologies which are very competitive on the international markets. Swedish companies like: Volvo, Scania, Ericsson, Electrolux, IKEA and many others are well known around the world. In 2011, the current balance of payments account represented a surplus of 7% of GDP.

**Figure 2. Swedish main Exports and Imports (% of total merchandise)**

Almost 58% of Swedish exports are sent to the European Union. Its main partners are Norway (10.6%), Germany (9.9%), United Kingdom (7.5%), USA (7.2%), Finland (6.9%) and Denmark (6.6%). 68% of the Swedish imports come from the European Union. The main partners are Germany (16.5%), Norway (9.3%), Denmark (8.0%), Netherlands (7.3), United Kingdom (6.3%) and Finland (5.7%)5.

Services are responsible for almost 71% of the Swedish GDP and employment. Industry contributes 27% of GDP, while agriculture is responsible for less than 2% of GDP and only slightly more than 1% of employment6. Timber, iron ore and hydropower are the most important natural resources.

Swedish banking is healthy and does not create major risks for the Swedish economy. Banks are well capitalised and fully fulfil the Basel III standards. However, the banking system is large, concentrated and dependent on short-term wholesale funding7.

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5 Source: SCB Statistic Sweden.
6 Source: CIA - The World Factbook.
In 2003, citizens rejected, in a referendum, the introduction of the Euro. The national bank called *Riksbank* is still sovereign in its monetary policy. Since 1993, its main objective has been to maintain price stability. In general, it manages to keep inflation close to its target of 2%.

**Table 3. Inflation rate in Sweden compared to the average for the EU**

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</tr>
</thead>
<tbody>
<tr>
<td>Sweden</td>
<td>2.3</td>
<td>1.0</td>
<td>0.8</td>
<td>1.5</td>
<td>1.7</td>
<td>3.3</td>
<td>1.9</td>
<td>1.9</td>
<td>1.4</td>
<td>0.9</td>
</tr>
<tr>
<td>EU</td>
<td>2.0</td>
<td>2.0</td>
<td>2.2</td>
<td>2.2</td>
<td>2.3</td>
<td>3.7</td>
<td>1.0</td>
<td>2.1</td>
<td>3.1</td>
<td>2.6</td>
</tr>
</tbody>
</table>

Source: Eurostat

At the beginning of the nineties, Sweden faced a deep banking and real estate crisis. To facilitate the recovery, the government introduced a series of deregulation reforms which have strongly increased the competitiveness of the economy. Despite its healthy foundations, in 2008–09 Swedish economy was badly hit by the economic crisis. The downturn was due to the recession experienced in the markets of its main economic partners. Unemployment has grown and many companies registered lower international demand for their products. In particular, the car manufactures (Volvo and Saab), closely linked with US manufacturers, faced serious problems. In 2010 and 2011 the economy rebounded and currently is back on the growth path.

### 1.3. Population

Sweden is often considered to have one of the best and most equal standards of living in the world. The GINI coefficient for income inequalities is one of the lowest in the world, at a level of around 0.259 (OECD average is 31.4).

Until the early nineties, there was also very low unemployment in Sweden. The increase of unemployment, in particular for young people, was one of the consequences of the Swedish economic crisis at the beginning of the nineties. During the last decade, the unemployment rate has fluctuated between 6–8%. The current economic crisis has strongly increased the unemployment level, in particular for the most disadvantaged groups such as the young, people with low qualifications and immigrants. However, it is important to mention that the labour market is in a relatively better situation compared to some countries from southern Europe.

**Table 4. Unemployment rate (in %) for all the population and the young below 25**

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>6.6</td>
<td>7.4</td>
<td>7.7</td>
<td>7.1</td>
<td>6.1</td>
<td>6.2</td>
<td>8.3</td>
<td>8.6</td>
<td>7.8</td>
<td>8.0</td>
</tr>
<tr>
<td>Young</td>
<td>17.4</td>
<td>20.4</td>
<td>22.6</td>
<td>21.5</td>
<td>19.2</td>
<td>20.2</td>
<td>25.0</td>
<td>24.8</td>
<td>22.8</td>
<td>23.7</td>
</tr>
</tbody>
</table>

Source: Eurostat

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8 The World Bank describes the GINI coefficient as "the extent to which the distribution of income or consumption expenditure among individuals or households within an economy deviates from a perfectly equal distribution. A Lorenz curve plots the cumulative percentages of total income received against the cumulative number of recipients, starting with the poorest individual or household. The Gini index measures the area between the Lorenz curve and a hypothetical line of absolute equality, expressed as a percentage of the maximum area under the line. Thus a Gini index of 0 represents perfect equality, while an index of 100 implies perfect inequality."

9 Source: OECD for 2011.
A high employment rate is one of the traditional goals of Swedish economic policy. It is around 10% higher than the EU average.

**Table 5. Employment rate in Sweden compared to the average for the EU**

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<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sweden</td>
<td>77.9</td>
<td>77.4</td>
<td>78.1</td>
<td>78.8</td>
<td>80.1</td>
<td>80.4</td>
<td>78.3</td>
<td>78.1</td>
<td>79.4</td>
<td>79.4</td>
</tr>
<tr>
<td>EU</td>
<td>67.0</td>
<td>67.4</td>
<td>68.0</td>
<td>69.0</td>
<td>69.9</td>
<td>70.3</td>
<td>69.0</td>
<td>68.5</td>
<td>68.6</td>
<td>68.5</td>
</tr>
</tbody>
</table>

Source: Eurostat

Sweden has liberal regulations concerning immigration and access to the Swedish labour market for foreigners. In 2010, foreign-born inhabitants of Sweden constituted 14.8% of the total population. Every year around 100 thousand immigrants arrive in Sweden. However, currently the labour migration flows are lower compared with other OECD countries and in 2011 there were around five new labour immigrants per thousand employed.

Sweden has a well-developed system of social support for families. Among other services and benefits, all parents can place their children in kindergarten. This policy is efficient and the fertility rate in Sweden is among the highest in the European Union. Also, the share of the young population is higher than the EU average and in 2012 was respectively 16.7% for the population younger than 15 (15.6% for EU) and 13.1% for the population between 15–25 (11.7% for EU).

**Table 6. Fertility rate in Sweden compared to the average for the EU**

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sweden</td>
<td>1.65</td>
<td>1.71</td>
<td>1.75</td>
<td>1.77</td>
<td>1.85</td>
<td>1.88</td>
<td>1.91</td>
<td>1.94</td>
<td>1.98</td>
<td>1.90</td>
</tr>
<tr>
<td>EU</td>
<td>1.46</td>
<td>1.47</td>
<td>1.50</td>
<td>1.51</td>
<td>1.54</td>
<td>1.56</td>
<td>1.60</td>
<td>1.59</td>
<td>1.60</td>
<td>1.57</td>
</tr>
</tbody>
</table>

Source: Eurostat

Sweden has the second lowest population density in the European Union (after Finland). It is much higher in southern Sweden than in its northern parts. In the most southern NUTS2 region: Sydsverige, the population density is around 100 inhabitants per km², while in the northern NUTS2 region of Övre Norrland, it is only 3.3 inhabitants per km². The average population density for Sweden is 23 inhabitants per km² (EU average is 117 inhabitants per km²).

Most of the Swedish population lives in the urban areas. The biggest cities are: Stockholm, Gothenburg and Malmö.

**Table 7. Population 2012, municipalities and metropolitan areas**

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Population</th>
<th>Metropolitan area</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stockholm</td>
<td>881 235</td>
<td>Greater Stockholm</td>
<td>2 127 006</td>
</tr>
<tr>
<td>Gothenburg</td>
<td>526 089</td>
<td>Greater Gothenburg</td>
<td>947 575</td>
</tr>
<tr>
<td>Malmö</td>
<td>307 758</td>
<td>Greater Malmö</td>
<td>670 394</td>
</tr>
</tbody>
</table>

Source: SCB Statistics Sweden

10 Source: OECD.
11 Source: SCB Statistics Sweden.
13 Source: Eurostat for 2011.
2. INSTITUTIONAL AND ADMINISTRATIVE FRAMEWORK FOR EU COHESION POLICY

2.1. Administrative division of Sweden

Sweden is a unitary state with three levels of government: national, regional counties (län) and local municipalities (kommuner). There are 21 NUTS3 counties (including Gotland) and 290 LAU2 municipalities. Simultaneous elections to these three levels’ assemblies are held every four years.

Provisions defining the division of the country into municipalities and counties, as well as their organisation and powers, are established in the Instrument of Government (one of the four fundamental laws) and in the Swedish Local Government Act from 1992. There is no hierarchical relation between different levels of government. Local and regional authorities are independent bodies, which—respecting the areas of their competences—can take free decisions.

Counties are equipped with elected policy-making councils. Each county council appoints a county executive committee, which leads and coordinate county council works. The internal organisation of the county administration can vary between different counties.

The main responsibilities of the counties, which absorb around 80% of their expenditures, are health and medical services. Other activities concern dental services, education, culture (mainly county music, theatres and museums) and support for the business sector. Counties share the responsibilities for transport with municipalities.

In general, all counties have a similar legal status. One exceptional situation is seen with the island of Gotland which is a municipality with the competences of a county council. In addition, three county councils (Skåne, Västra Götaland and Halland) and Gotland have, on top of the mandatory county council functions, further responsibilities for issues concerning regional development. For that reason, they are also called Regions instead of county councils.

To finance their activities, county councils are entitled to levy income taxes. Compared to other European self-governments they have considerable freedom in defining these taxes. Other revenues are government grants and additional county charges.

Central government is represented in each county through the county administrative board and its head, the County Governor. The county administrative board cooperates with the various public authorities at the central, regional and local levels and is responsible for certain social welfare matters and regional planning.

Swedish municipalities have elected municipal councils that appoint municipal executive boards and take decisions related to local matters. Municipal executive boards lead and coordinate the work of the municipalities. Municipal councils meet once a month and take all major decisions.

The main responsibilities of the municipalities are related to schools, preschools, care for the elderly, roads, water and energy supplies. Some responsibilities, e.g. upper secondary

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14 This section is based mainly on information from the Swedish Government web portal [www.government.se](http://www.government.se)
education, that require higher budgets or affect the population of numerous municipalities, can be run by the local federations created by the municipalities.

To finance their activities, municipalities are entitled to levy income taxes. Compared to other European self-governments they have a large degree of freedom in defining these taxes. Other revenues are government grants and other municipal charges.

Municipalities and county councils are very important employers in Sweden. Overall, they employ more than one million people, which corresponds to 25% of the total employment in Sweden.\(^\text{15}\)

Figure 3. The three levels of democracy in Sweden

2.2. Overview of Cohesion Funds in Sweden

For the period 2007-13, Sweden has been allocated an amount of EUR 1.9 billion\(^\text{16}\) of Cohesion Policy funding:

- EUR 1.6 billion under the Regional Competitiveness and Employment Objective;
- EUR 0.3 million under the European Territorial Co-operation Objective.

To complement the EU funding under the National Strategic Reference Framework (NSRF), the national Swedish contribution is expected to reach the amount of EUR 1.8 billion. That brings the total amount available for Cohesion Policy activities to almost EUR 3.7 billion.

\(^{15}\) Source: Swedish Association of Local Authorities and Regions.  
\(^{16}\) Unless otherwise indicated, all figures in this section are from the website of DG REGIO.
Table 8. Structural funds for Sweden in EUR billion 2007–2013

<table>
<thead>
<tr>
<th>Objective</th>
<th>Fund</th>
<th>EU</th>
<th>National Public</th>
<th>Total</th>
</tr>
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<tbody>
<tr>
<td>Regional Competitiveness and Employment</td>
<td>ERDF</td>
<td>0.9</td>
<td>1.1</td>
<td>2</td>
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<td></td>
<td>ESF</td>
<td>0.7</td>
<td>0.7</td>
<td>1.4</td>
</tr>
<tr>
<td>Total Regional Competitiveness and Employment</td>
<td></td>
<td></td>
<td></td>
<td>1.6</td>
</tr>
<tr>
<td>Total European Territorial Cooperation</td>
<td>ERDF</td>
<td>0.3</td>
<td>-</td>
<td>0.3</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>1.8</td>
<td>3.7</td>
</tr>
</tbody>
</table>

Source: European Commission, DG REGIO

In the programming period 2007–2013, all Swedish regions are eligible for structural funds under the Regional Competitiveness and Employment Objective.

Figure 4. Regional Competitiveness and Employment Objective regions in Sweden, 2007-2013

Source: European Commission, DG REGIO

17 Each Territorial Cooperation Programme includes a minimum of 15% co-financing from each participating Member State.
2.3. **NSFR and Operational Programmes**\(^\text{18}\)

As laid down in the Swedish *National Strategic Reference Framework*, the EU funding will be invested in four thematic priorities:

- **Innovative environments and entrepreneurship** – to support the development of new and attractive products, creation of a culture of entrepreneurship and improvement of the access to risk capital;

- **Skills supply and increased labour supply** – to support the people of working age, who find themselves outside the labour market or working less than they would like to, to increase their qualifications and chances on the market;

- **Accessibility** – to support the development of national road and railway networks and the development of the information society;

- **Strategic cross-border cooperation** – for instance, to support the indigenous people in Sweden, Norway and Finland to help them retain their culture and work with reindeer husbandry.

Sweden has translated the broad priorities from the NSRF into eight Operational Programmes (OPs) financed from EFRD and one OP financed from the ESF.

**Table 9. Swedish NSFR financial table**

<table>
<thead>
<tr>
<th>Operational Programme</th>
<th>Fund</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Competitiveness and Employment Objective</strong></td>
<td>Community Contribution</td>
<td></td>
</tr>
<tr>
<td>Skåne-Blekinge</td>
<td>ERDF</td>
<td>70 690 065</td>
</tr>
<tr>
<td>Småland och Öarna</td>
<td>ERDF</td>
<td>67 442 370</td>
</tr>
<tr>
<td>Västsverige</td>
<td>ERDF</td>
<td>63 565 567</td>
</tr>
<tr>
<td>Östra Mellansverige</td>
<td>ERDF</td>
<td>81 028 706</td>
</tr>
<tr>
<td>Stockholm</td>
<td>ERDF</td>
<td>37 571 270</td>
</tr>
<tr>
<td>Norra Mellansverige</td>
<td>ERDF</td>
<td>194 987 837</td>
</tr>
<tr>
<td>Mellersta Norrland</td>
<td>ERDF</td>
<td>176 617 833</td>
</tr>
<tr>
<td>Övre Norrland</td>
<td>ERDF</td>
<td>242 637 082</td>
</tr>
<tr>
<td><strong>ESF</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National programme for Regional Competitiveness and Employment (ESF)</td>
<td>ESF</td>
<td>691 551 158</td>
</tr>
<tr>
<td><strong>Total NSFR</strong></td>
<td>All funds</td>
<td>1 626 091 888</td>
</tr>
<tr>
<td><strong>Total ERDF</strong></td>
<td></td>
<td>934 540 730</td>
</tr>
<tr>
<td><strong>Total ESF</strong></td>
<td></td>
<td>691 551 158</td>
</tr>
</tbody>
</table>

*Source:* European Commission, DG REGIO

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\(^{18}\) This section is based mainly on the information from the web page of DG REGIO.
It is expected that implementation of the Swedish NSFR with the support of the Structural Funds can lead to the creation of 12,800 new enterprises and at least 33,800 new jobs.

The Swedish NSRF includes a significant commitment to the Lisbon Strategy for jobs and growth, as it is allocating a substantial share (75%) of its investment directly to elements of the Lisbon Strategy.

**Figure 5. Structural Funds for the period 2007–2013: Breakdown by theme as proposed by Sweden in its draft operational programmes**

<table>
<thead>
<tr>
<th>European Regional Development Fund/Cohesion Fund 2007-13</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Culture</td>
<td>2.4%</td>
</tr>
<tr>
<td>Energy</td>
<td>6.6%</td>
</tr>
<tr>
<td>Environmental protection and risk prevention</td>
<td>1.5%</td>
</tr>
<tr>
<td>Information society</td>
<td>11.0%</td>
</tr>
<tr>
<td>Research and technological development (R&amp;T), innovation and entrepreneurship</td>
<td>63.8%</td>
</tr>
<tr>
<td>Technical assistance</td>
<td>4.0%</td>
</tr>
<tr>
<td>Tourism</td>
<td>2.5%</td>
</tr>
<tr>
<td>Transport</td>
<td>6.8%</td>
</tr>
<tr>
<td>Urban and rural regeneration</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>European Social Fund 2007-13</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improving access to employment and sustainability</td>
<td>63.0%</td>
</tr>
<tr>
<td>Improving human capital</td>
<td>4.2%</td>
</tr>
<tr>
<td>Improving the social inclusion of less-favoured persons</td>
<td>3.4%</td>
</tr>
<tr>
<td>Increasing the adaptability of workers and firms, enterpries and entrepreneurs</td>
<td>25.4%</td>
</tr>
<tr>
<td>Technical assistance</td>
<td>4.0%</td>
</tr>
</tbody>
</table>

**Source:** European Commission, DG REGIO

### 2.4. European Territorial Cooperation

The ERDF also contributes towards financing the European Territorial Cooperation objective, which consists of three strands: cross-border, trans-national and interregional. Sweden takes part in **13 territorial cooperation programmes**:

- **Six cross-border programmes** with other EU Member States and Norway:
  - "North" (with Finland and Norway);
  - "Botnia-Atlantica" (with Finland and Norway);
  - "Sweden/Norway" (with Norway);
  - "Öresund - Kattegatt - Skagerrak" (with Denmark and Norway);
  - "South Baltic" (with Germany, Sweden, Lithuania and Poland);
  - "Central Baltic" (with Finland, Estonia and Latvia).

- **Three transnational programmes** which cover larger areas of Cooperation:
  - "North Sea";
  - "Baltic Sea";
  - "Northern Periphery".
Four interregional cooperation programmes: INTERACT II, URBACT II, ESPON and INTERREG IVC (total budget for all the 27 EU Member States: EUR 443 million).

For these activities, during the period 2007–2013, Sweden will receive EUR 265 million.

Figure 6. Swedish cross-border co-operation programmes

2.5. Structural Funds management

The function of the managing authority for the Operational Programmes (OP) financed under ERDF is executed by the Swedish Agency for Economic and Regional Growth (Tillväxtverket). Its main role is to strengthen regional development and facilitate enterprise and entrepreneurship throughout Sweden.

The structure for implementing these programmes is made up of the Swedish Agency for Economic and Regional Growth as the managing authority, eight Structural Fund partnerships (for all OPs financed under ERDF), responsible for setting priorities among the approved projects, and three monitoring committees ensuring the quality of the implementation. The managing authority has one joint unit, supporting the eight units situated in each OP area19.

The managing authority for the Operational Programme financed under ESF is the Swedish ESF Council. It is a government agency under the Ministry of Labour, responsible for managing Socialfonden (the Social Fund) and Integrationsfonden (the Integration Fund) in Sweden.

19 Source: Webpage of the Swedish Agency for Economic and Regional Growth: http://www.tillvaxtverket.se/
3. FOCUS ON KIRUNA

3.1. Kiruna

Kiruna is the northernmost city of Sweden, located 145 km north from the Arctic Circle. It is a seat of the Kiruna Municipality located in the Norrbotten County and has borders with Norway and Finland. With a surface of 20 714 km² (Land surface 19 371 km²) it is the largest Swedish municipality by area.

With a population of around 18 thousand inhabitants, Kiruna is the biggest city of Lapland (Lappland) province. Today, Swedish provinces have only a cultural and historical role and do not have any administrative or political function.

Figure 7. Kiruna Municipality

Kiruna is also part of the Sápmi region, which covers territories in four countries: the Kola Peninsula in Russia, northernmost Finland, the coastal and inland region of northern Norway and northern parts of Sweden. Sápmi is inhabited by the ethnic and cultural minority group of Sami (about 79 000 people in total). Around 20 thousand of them live in Sweden. The Sami language is officially recognized as a minority language in Sweden. In 1993, the Swedish Sami Parliament (Sametingslag) was created in Kiruna. It is a publicly elected body and a state authority, with the overall task of working to achieve a living Sami culture. Elections are held every four years. Also located in Kiruna are the Sami Theatre, SR Sámi Radio and the TV SVT Sápmi.

The beginning of the intensive settlement in the territory of today’s Kiruna was related to the exploitation of the iron ore mines and dates back to the beginning of the twentieth century. In 1948, Kiruna received city rights. However, since the territorial reforms from the seventies, Kiruna has had the status of a municipality with seven urban areas (that

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20 Unless otherwise indicated, all figures in this section are from SCB Statistics Sweden.
legally are not separate towns or villages but simply urban areas of the municipality): Kiruna, Vittangi, Jukkasjärvi, Svappavaara, Kuttainen, Karesuando and Övre Soppero.

Table 10. Population of the Kiruna municipality and its urban areas (in 2010)

<table>
<thead>
<tr>
<th>Urban area</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kiruna</td>
<td>18 148</td>
</tr>
<tr>
<td>Vittangi</td>
<td>784</td>
</tr>
<tr>
<td>Jukkasjärvi</td>
<td>548</td>
</tr>
<tr>
<td>Svappavaara</td>
<td>417</td>
</tr>
<tr>
<td>Kuttainen</td>
<td>333</td>
</tr>
<tr>
<td>Karesuando</td>
<td>303</td>
</tr>
<tr>
<td>Övre Soppero</td>
<td>201</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>22 916</strong></td>
</tr>
</tbody>
</table>

Source: SCB Statistics Sweden

From the beginning of the twentieth century, the mining activities were the major source of development for Kiruna. However, the expansion of the underground mining activity is also a source of the city’s problems. Deformations caused by the underground mining damages roads, electricity lines, water pipes and finally houses. In the coming 20–25 years, the mining will affect approximately 2,500 apartments as well as approximately 200,000 square meters of commercial, office, school and health care premises. For this reason, part of Kiruna city has to be relocated. There is a need for the construction of a new city centre and residential area, together with all the necessary infrastructures, such as electricity, water and sewage systems.

The transformation process started in 2004 when the mining company Luossavaara-Kiirunavaara AB (LKAB) requested the Kiruna municipality to modify the comprehensive plan. This change has allowed LKAB mine to extend its activities under the current Kiruna centre. After the international architectural competition, the project "Kiruna 4-ever" was selected and in March 2013 the municipal council agreed to continue working on it.

The new Kiruna city centre will be situated about 3 km east of today’s city centre. Many of the currently existing houses, including the council house and the church will be moved and assembled in the new location. The costs of this unique project will be covered by the LKAB company as the compensation for damages caused by the mine.

Many big infrastructure projects have already been finalised and other are in progress. The main sewage and electricity lines have already been relocated. The new corrected railway route becomes operational in 2012. Planes for the new routes for the main roads affected by the mining operations are under preparation.

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21 Population of the 7 urban areas do not equal the total population of the municipality.

22 According to the webpage of the Kiruna municipality.
The territory of the Kiruna municipality is covered by two Operational Programmes financed under the Structural Funds:

- Operational Programme "North Sweden";
- Operational Programme "North".

### 3.2. Northernmost specificity

Kiruna is one of the most northern parts of the European Union. This is associated with a number of specific problems, unknown to other parts of Europe. Difficult climate, hard conditions for agriculture and constructions, and poor infrastructure makes these areas very difficult for living. In addition, a very low population density makes it very difficult not only to build new infrastructures but also to maintain the existing ones.

The area around Kiruna is very sparsely populated. The average population density is around 1.2 inhabitants per km². The northern part of the municipality is practically uninhabited and roadless. Kiruna has one railway and only one main road connection with the world. Other local roads connect Kiruna with nearby towns and mines.

Due to the decline of the mining industry and the difficult life conditions in the harsh northernmost climate, since 1970s the population of the municipality has been declining. In the beginning of the 1970s, the population exceeded 31 thousand inhabitants. Today it is below 23 thousand.

**Table 11. Population of Kiruna municipality**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>16 238</td>
<td>16 185</td>
<td>14 888</td>
<td>13 704</td>
<td>13 607</td>
<td>13 087</td>
<td>12 109</td>
<td>11 890</td>
<td>11 862</td>
</tr>
<tr>
<td>Women</td>
<td>14 843</td>
<td>14 676</td>
<td>13 757</td>
<td>12 847</td>
<td>12 610</td>
<td>12 182</td>
<td>11 446</td>
<td>11 232</td>
<td>11 110</td>
</tr>
<tr>
<td>Total</td>
<td>31 081</td>
<td>30 861</td>
<td>28 645</td>
<td>26 551</td>
<td>26 217</td>
<td>25 269</td>
<td>23 555</td>
<td>23 122</td>
<td>22 972</td>
</tr>
</tbody>
</table>

Source: SCB Statistics Sweden

Kiruna has a sub-arctic climate. Long and cold winters are dominating its landscape. In December there is practically no daily light.

The cold climate and long summer days (the sun does not set between 30 May and 15 July) allows certain agriculture production, covering certain grains, potatoes and turnips. However, in the Kiruna municipality, arable land covers only 384 km², whereas forests cover over 8.5 thousand km².  

### 3.3. Economy

Good transport infrastructure is crucial for the development of the industrial activities. The fast development of Kiruna was closely connected with the creation of the railway in 1903 (connecting Luleå on the Swedish coast with Narvik on the Norwegian coast).

Construction of roads is one of the major challenges for the sparsely populated and geographically isolated territories. During the first years of the existence of Kiruna, there was no road connection between the town and the external world. Only railway and, during
the summer, rivers allowed the regular communication with the rest of Sweden. Today, Kiruna has one railway and only one main road connection with the world. Other local roads connect Kiruna only with nearby towns and mines. Because of the transformation of the town and relocation of the Kiruna centre, new roads are planned. Since 1960, additional connections have been ensured by the Kiruna Airport.

Since its beginning, Kiruna’s main economic activity has been iron ore mining. For a very long time, the mine was the major employer in the town and its economic situation was directly influencing the situation of Kiruna.

Today, Kiruna is not as dependent on mining as it was a hundred years ago. Kiruna has become an important centre of space research and industry. In 1957, the Swedish Institute of Space Physics was established and in 1966 the Esrang Space Centre was created. Since 1989, the European Space Agency has been operating its satellite station in Kiruna. It is an element of the tracking station network – Estrack.

Tourism is another important sector of the local economy. Kiruna is often called the tourism capital of Norrbotten County, hosting nearly half of all guest nights in the county24. Between the most popular tourists attractions are fishing, hunting and skiing. The location, to the north of the Arctic Circle, makes it attractive for observing Polar lights in the winter and the midnight sun during the summer. A very well known tourist attraction is the Ice-hotel in Jukkasjärvi, which every winter is constructed and every summer melts. Since 1985, a Snow festival has been organised every winter. During this festival, various attractions such as ice-sculpture contests are organised.

The public sector is one of the most important employers in Kiruna. The municipality hires almost 17% of all the employed and together with the county administration and other public administration and services around 28% of all the employed25.

To finance its needs, the municipality as well as the county have established their own taxes on the inhabitants revenues. In 2012, these taxes were set respectively at the level of 23.05% for the municipality and 10.18% for the county (the total being 33.23%). In Sweden, the total municipal/county taxes vary between 28.89% and 34.52%.

3.4. European Union and the northernmost and sparsely populated areas

The European Union actively supports its northernmost regions. Art 174 of the Treaty on the Functioning of the European Union (TFEU), which establishes the EU Cohesion Policy, pays particular attention to the regions which suffer from severe and permanent natural or demographic handicaps such as the northernmost regions with very low population density.

The issues of the sparsely populated regions were introduced to the EU policies together with the accession of Sweden and Finland in 1995. In the protocol 6 of the Accession Treaties, the new Objective 6 of the Cohesion Policy, covering regions at NUTS2 level with a population density of 8 persons per km² or less, was established. With the simplification of the Cohesion Policy and the reduction of the number of its Objectives, regions covered by the Objective 6 were, in the period 2000-2006, supported under the new Objective 1. In the period 2007-2013, sparsely populated northern regions of Sweden and Finland, similarly to the EU outermost regions, can benefit from additional funding from the ERDF. This funding amounts to EUR 35 per inhabitant per year.

24 According to the webpage of the Kiruna municipality.
25 Source: SCB Statistics Sweden
Table 12. Additional funding for sparsely populated northern regions of Sweden and Finland in the period 2007-2013 (EUR, in 2004 prices)

<table>
<thead>
<tr>
<th>Region</th>
<th>Additional funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Itä-Suomi</td>
<td>164 835 524</td>
</tr>
<tr>
<td>Pohjois-Suomi</td>
<td>153 552 511</td>
</tr>
<tr>
<td>Mellersta Norrland</td>
<td>215 598 656</td>
</tr>
<tr>
<td>Övre Norrland</td>
<td></td>
</tr>
</tbody>
</table>

Source: DG REGIO

Also in its proposal for the future Cohesion Policy 2014-2020, the European Commission has proposed similar support for sparsely populated, northern regions of Sweden and Finland as well as the outermost regions of the EU. In the art 84 of the CPR, the Commission has proposed that 0,27% of the total Resources for the Investment for growth and jobs goal (i.e., a total of EUR 924 529 823) should be dedicated for the additional funding for these regions. In addition, Art 111 of the CPR introduces a modulation of the co-financing rates for the Structural Funds. The co-financing rate from the Funds to a priority axis may be modulated to take account of: sparsely (less than 50 inhabitants per square km) and very sparsely (less than 8 inhabitants per square km) populated areas. Similar provisions are present in the Cohesion Policy for the current period.

3.5. Operational Programme "North Sweden"²⁶

Operational Programme "North Sweden" is co-funded by the European Regional Development Fund under the Regional Competitiveness and Employment objective. It covers the two most northern counties of Sweden: Norrbotten and Västerbotten, together called Övre Norrland. The budget of this OP is around EUR 485 million. Community assistance through the ERDF amounts to some EUR 243 million, which represents almost 13% of the total EU contribution for the Cohesion Policy in Sweden during the period 2007–2013.

The main priorities of this OP are:

- **Innovation and renewal** (around 73% of total funding) - focusing on the stimulation of entrepreneurship and business creation, together with co-operation between academia, industry and the public sector. This priority has also four sub-priorities:
  - Entrepreneurship and creation of new businesses;
  - Innovative environment;
  - International co-operation;
  - Regional attractiveness.

- **Accessibility** (around 23% of total funding) - focusing on the development of a sustainable transport system and a sustainable IT infrastructure. Key objectives are accessibility of work opportunities, services and culture. This priority has also three sub-priorities:
  - Co-operation between different modes of transport;
  - Regional enlargement (to increase the acceptable commuting distance);
  - Information and Communication technology – ICT.

- **Technical assistance** (around 4% of total funding) - aiming to support the management, monitoring and evaluation of the operational programme.

²⁶ This section is based mainly on the information from the web page of DG REGIO.
Figure 8. Operational Programme "North Sweden"

The expected results of the OP "North Sweden" are the creation of 8000 new jobs and 3000 new businesses. It is expected that around 400 companies will participate in international cooperations and 15 projects safeguarding the environment and cultural heritage will be financed. Around 50 projects connecting industry, research institutes and the public sector should increase the competitiveness of the local industry.

Table 13. Breakdown of finances of the OP "North Sweden" by priority axis

<table>
<thead>
<tr>
<th>Priority Axis</th>
<th>EU Investment</th>
<th>National Public Contribution</th>
<th>Total Public Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation and renewal</td>
<td>177 125 070</td>
<td>177 125 070</td>
<td>354 250 140</td>
</tr>
<tr>
<td>Accessibility</td>
<td>55 806 529</td>
<td>55 806 529</td>
<td>111 613 058</td>
</tr>
<tr>
<td>Technical assistance</td>
<td>9 705 483</td>
<td>9 705 483</td>
<td>19 410 966</td>
</tr>
<tr>
<td>Total</td>
<td>242 637 082</td>
<td>242 637 082</td>
<td>485 274 164</td>
</tr>
</tbody>
</table>

Source: European Commission, DG REGIO

3.6. Operational Programme "North"27

Cross-border Cooperation Operational Programme "North" is co-funded by the European Regional Development Fund under the European Territorial Cooperation objective. The budget of this programme is of around EUR 57 million. Community assistance through the ERDF amounts to EUR 34 million.

27 This section is based mainly on the information from the web page of DG REGIO.
OP "North" covers northern territories of **Sweden, Finland and Norway:**
- Norrbottens county and parts of Västerbottens county in Sweden;
- Lappi, Pohjois-Pohjanmaa and Keski-Pohjanmaa in Finland;
- Finnmarks fylke, Troms fylke and Nordlands fylke in Norway.

The remaining part of the region of Västerbottens län in Sweden can participate in the projects as an adjacent area, receiving a maximum 20% of the ERDF funding.

One of the Programme's priority axes, **Sápmi**, covers additional regions in Sweden (Västerbottens county and a small part of Dalarnas county) and Norway (Nord-Trøndelag fylke, Sør-Trøndelag fylke and a part of Hedmark fylke). The Sami-populated regions in **Russia** can take part in the projects, receiving a maximum 10% of the ERDF funding allocated to the Sápmi priority.

**Figure 9. Operational Programme "North"**

The area covered by the OP North has a population density of 3.5 inhabitants per km². The geographical location, cold climate and long distances make heavy demands on infrastructure and communications, while the vast labour market region results in additional costs in terms of maintaining a good level of service.
The overall objective of this OP is to strengthen the competitiveness and cohesion of the region. The **Sápmi sub-Programme** aims to support Sami cultural life and industry.

The main priorities of this OP are:

- **Development of the Economy** (around 26.7% of total funding) - supporting the development of new products and services, the creation of networks and business-to-business relations and the expansion of markets within strategic areas;

- **Research, Development and Education** (around 27.1% of total funding) - supporting higher education institutions in cooperation, research institutions in development of joint initiatives for industry research and innovation, and other actors (public, industry, research and education institutions) in understanding the mechanisms used for successful and innovative entrepreneurship;

- **Regional Functionality and Identity** (around 27.1% of total funding) - strengthening regional cohesion through more cross-border connections and contacts. It is expected to facilitate the transfer of information, movement of people, services and goods, and developing relations for long-term cooperation;

- **Sápmi – Unbounded Development** (around 11.8% of total funding) - aiming to strengthen Sami culture and industry. This priority covers a larger geographical area than the rest of the OP North and includes participation from Russian partners;

- **Technical Assistance** (around 7.2% of total funding) - supporting the management, evaluation and monitoring of the Programme.

**Table 14. Breakdown of finances of the OP "North" by priority axis**

<table>
<thead>
<tr>
<th>Priority Axis</th>
<th>EU Investment</th>
<th>National Public Contribution</th>
<th>Total Public Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of the Economy</td>
<td>9 095 705</td>
<td>6 063 803</td>
<td>15 159 508</td>
</tr>
<tr>
<td>Research, Development and Education</td>
<td>9 241 454</td>
<td>6 160 969</td>
<td>15 402 423</td>
</tr>
<tr>
<td>Regional Functionality and Identity</td>
<td>9 241 454</td>
<td>6 160 969</td>
<td>15 402 423</td>
</tr>
<tr>
<td>Sápmi – Unbounded Development</td>
<td>4 349 845</td>
<td>2 342 224</td>
<td>6 692 069</td>
</tr>
<tr>
<td>Technical Assistance</td>
<td>2 037 988</td>
<td>2 037 988</td>
<td>4 075 976</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>33 966 446</strong></td>
<td><strong>22 765 953</strong></td>
<td><strong>56 732 399</strong></td>
</tr>
</tbody>
</table>

**Source:** European Commission, DG REGIO
CONCLUSIONS

Sweden is a Scandinavian country located in Northern Europe. It has the third largest territory in the European Union, but only the fourteenth largest population. Thus it has a very low population density of 23 inhabitants per km\(^2\) compared to the EU average of 117 inhabitants per km\(^2\).

Due to the large distance between the southern and northern borders (1574 km), there are important differences of the climate and living conditions in the northern and southern parts of Sweden. Population density is much higher in southern Sweden than in its northern parts. In the most southern NUTS2 region, Sydsverige, the population density is around 100 inhabitants per km\(^2\), while in the northern NUTS2 region, Övre Norrland, it is only 3.3 inhabitants per km\(^2\).

The Kingdom of Sweden is a constitutional monarchy. Its constitution consists of four fundamental laws regulating the principles of the form of the government, fundamental freedoms and rights of citizens, the royal succession rules, freedom of the press and freedom of other media like radio and digital media. The Swedish monarch has no political power and the prime minister is appointed by the unicameral parliament.

Sweden has active and very independent local and regional self-governments: 290 municipalities and 21 counties. They have not only large and well defined competences, but also large freedom in imposing taxes that guarantee them the autonomy in defining their major policies.

Kiruna is the northernmost municipality of Sweden. With a surface of 20,714 km\(^2\) (land surface 19,371 km\(^2\)), it is the largest Swedish municipality by area. However, the population of Kiruna is only 22,972 inhabitants. That means the average population density is only slightly higher than 1 inhabitant per km\(^2\). In reality, most of the population lives in one of the seven urban areas of the municipality. Most of the territory of the Kiruna municipality is uninhabited and almost devoid of any communication infrastructure. It is not only difficult and expensive to build new infrastructure connections, but also to maintain those which already exist.

Lack of communication infrastructure is one of the major barriers to the development of the sparsely populated and geographically isolated territories. The creation and development of Kiruna was closely related to the opening of the railway connection with Luleå, which allowed extensive exploitation of the iron ore mines. At the time, only few major roads were constructed.

Poor infrastructure and difficult living conditions have had a negative influence on the population of the northernmost territories. Also, high dependency on one sector of the economy also increases the risk of social problems. During the last forty years, the population of Kiruna decreased by over 25%.

Today, the economic situation of Kiruna is still strongly connected with the situation of the iron ore mine, but the municipality has managed to develop other sectors of the local economy. Using the specific situation of Kiruna, the space research and industry sectors were established and developed. Also, tourism has become an important source of jobs.

The creation of new infrastructures and the maintenance of existing ones are still, however, major challenges.
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