

Sweden: Introduction to a Decentralized Unitary State

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Outline

- Historical background
- Levels of government
- Central government administration
- Discussion points

Part 1

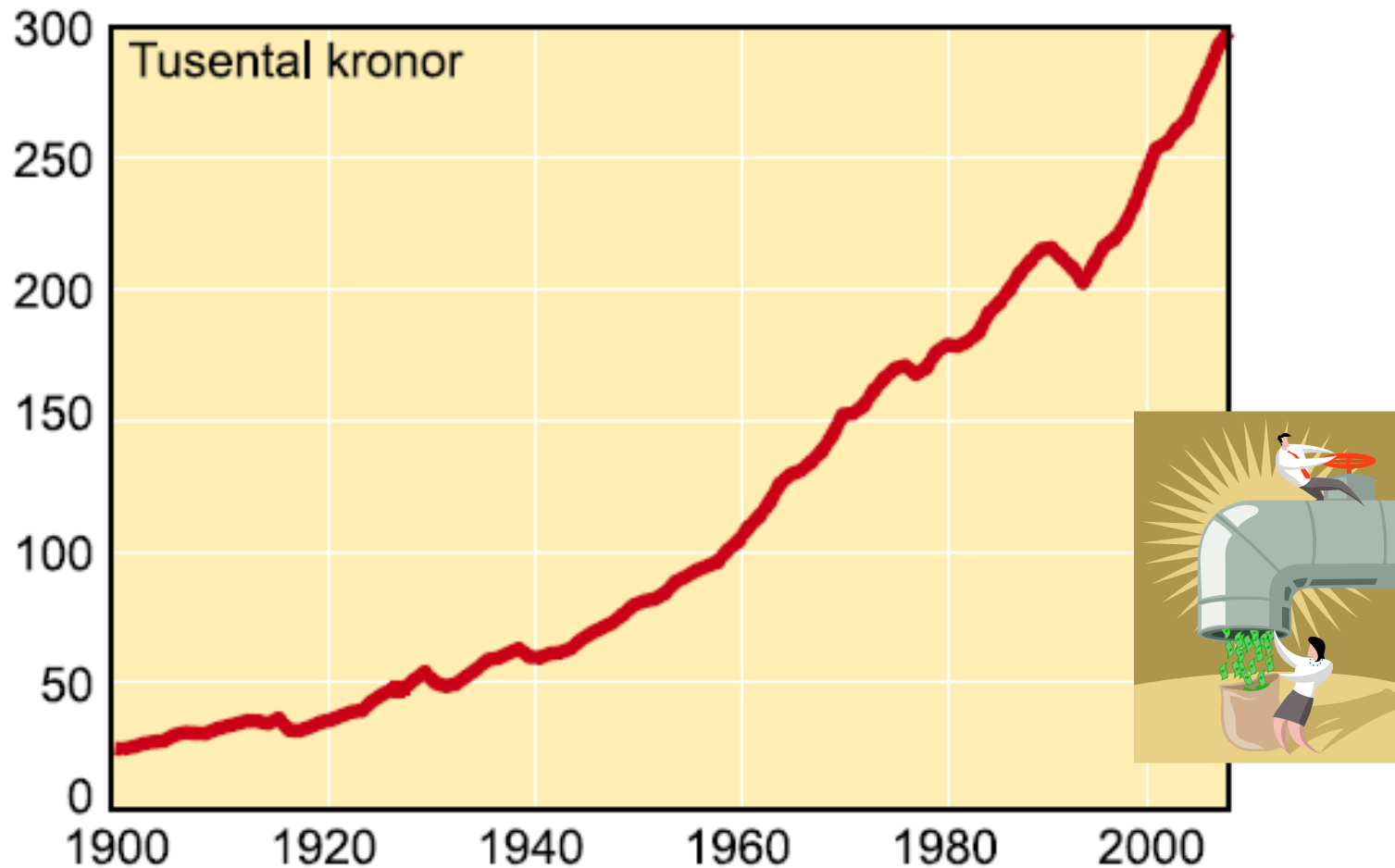
HISTORICAL OVERVIEW



Sweden in the 1800s

One of the poorest countries in Europe.

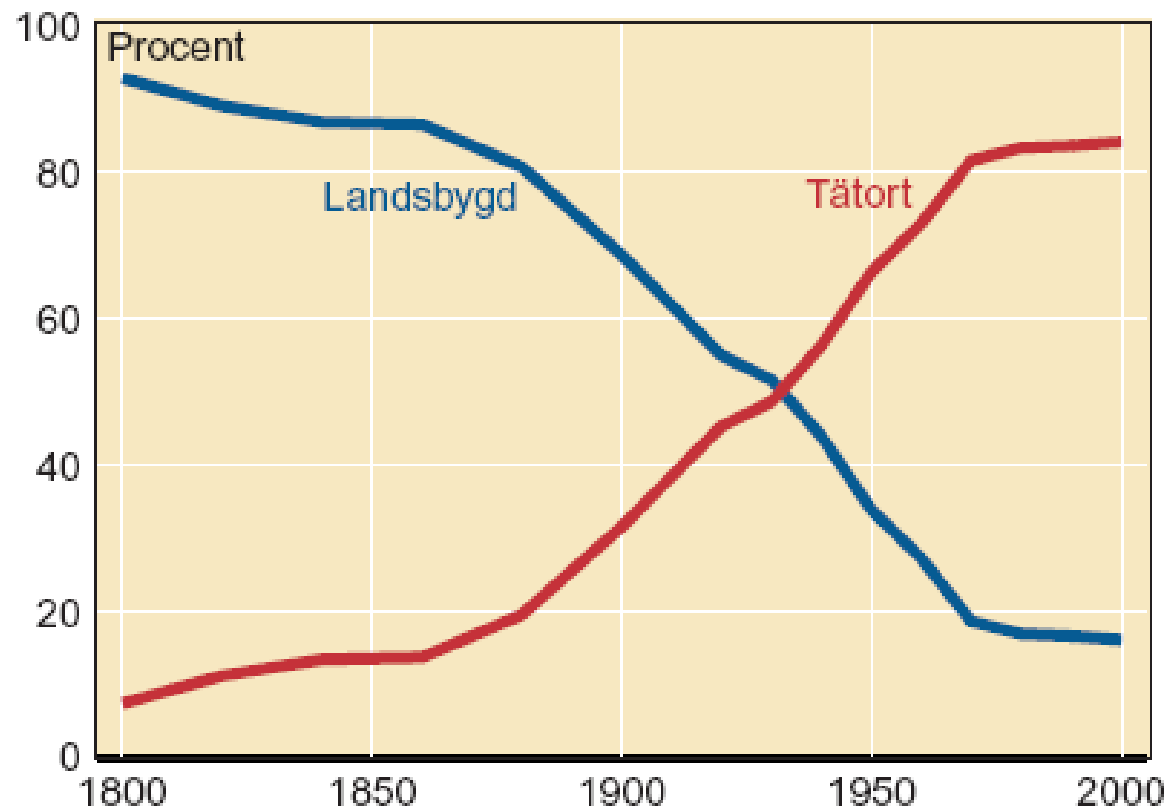
20th-c GDP/Cap, 2000 prices



Urbanization 1800-2000

- Population in urban and rural areas, %

Source: SCB 07.



Challenges of Rapid Industrialization

**19th Century
lumberjacks**



**SCA Östrand
Paper Factory**



Social strife – labor v. capital

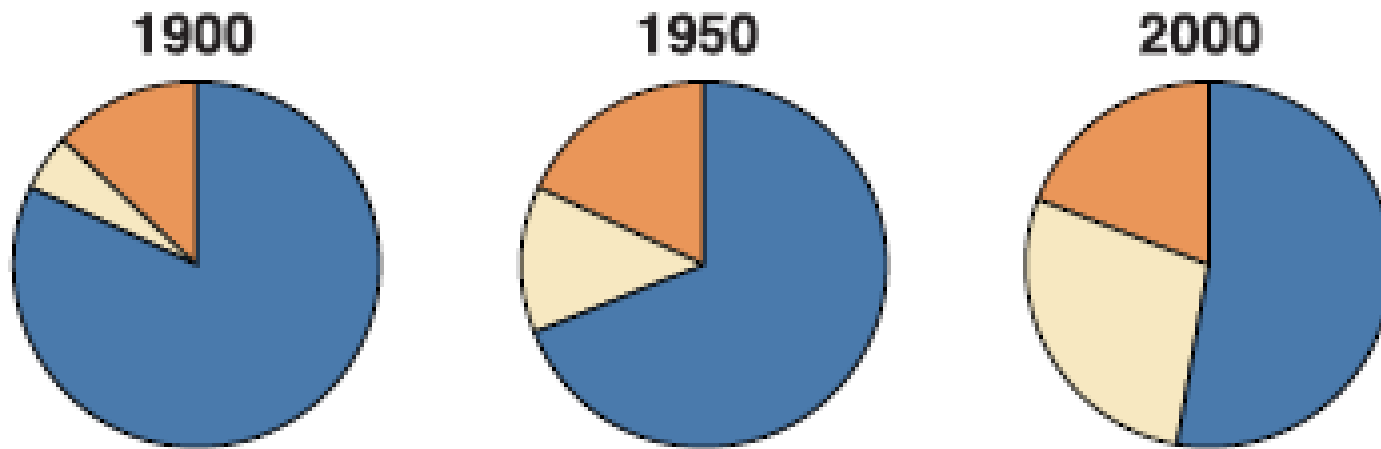
- Ådalen 1931
 - Military opens fire on civilian demonstrators
 - 5 dead, 5 wounded
- Internal struggles within the left



The Growth of the public sector

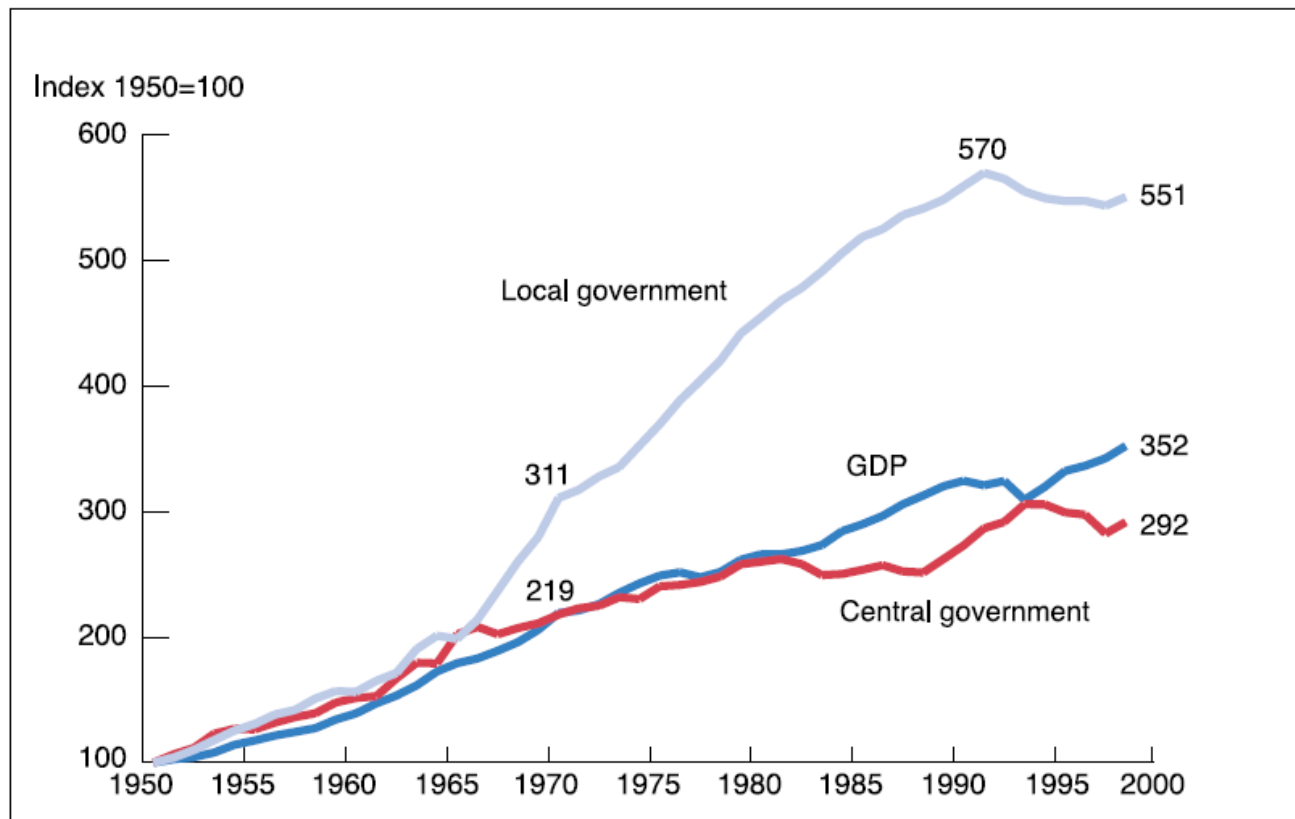
Final use of total GDP

- **Private consumption**
- **Public consumption**
- **Investments**



Strong Local Governments

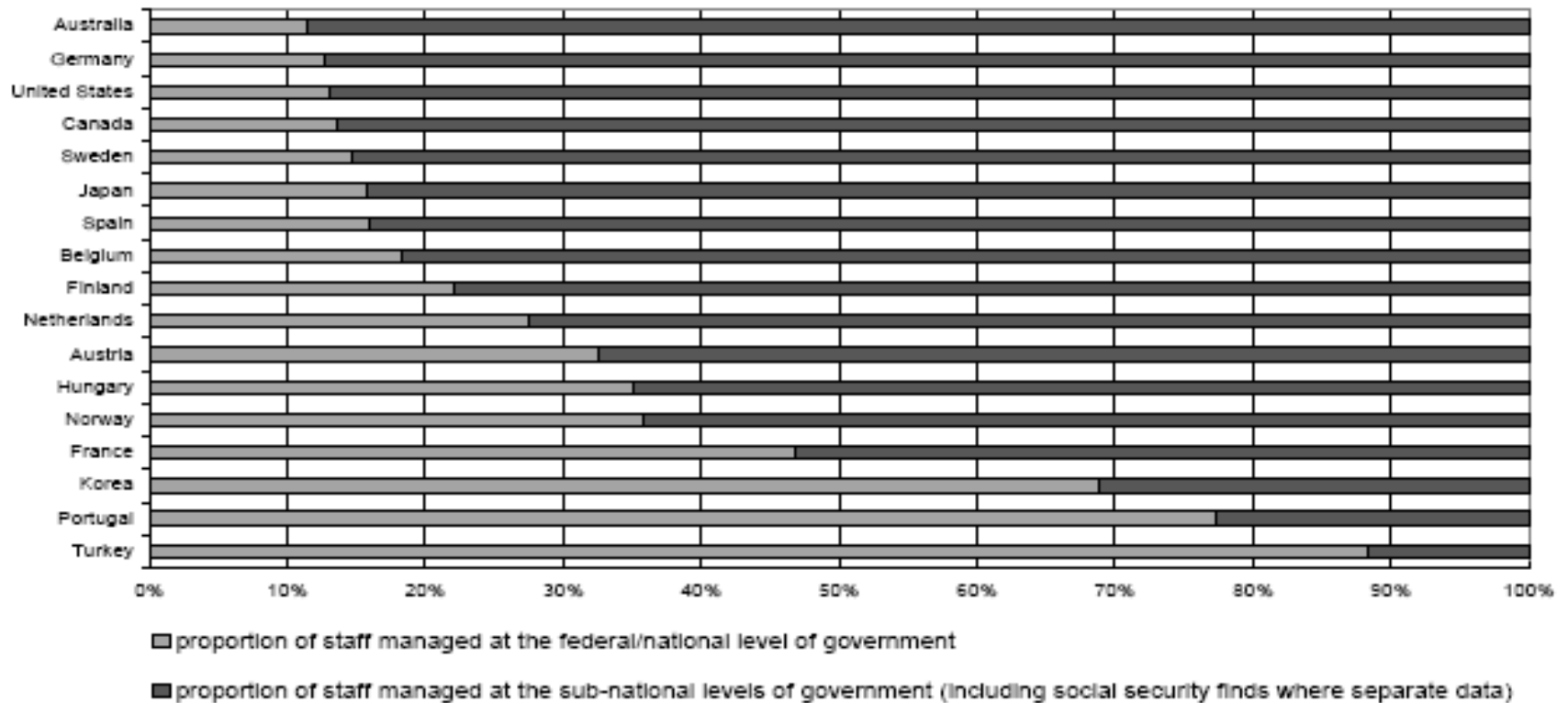
Growth in central and local government and GDP in 1950–98: volume trends of public-service consumption and GDP



Part 2

LEVELS OF GOVERNMENT

A Decentralized Unitary State



The democratic system in Sweden



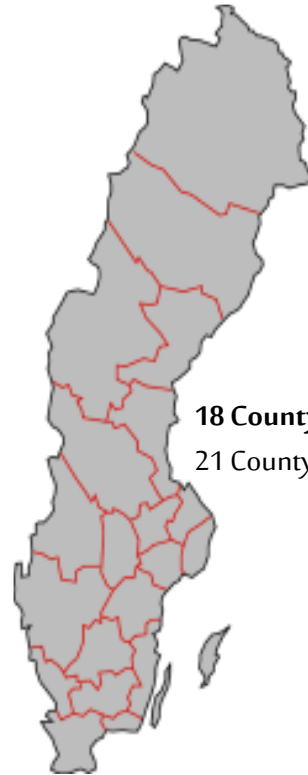
National level

- Elections to the Parliament (Swedish parliament)
- The Parliament elects the Prime Minister, who forms a government



Regional level

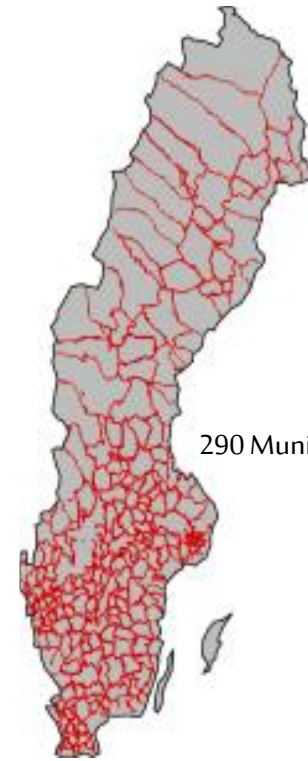
- Elections to the County Council Assembly
- The County Council Assembly elects the County Council Executive Board



18 County Councils
21 Countys

Local level

- Elections to the Municipal Council
- The Municipal Council elects the Municipal Executive Board



290 Municipalities

Pictures courtesy of Gov't Offices

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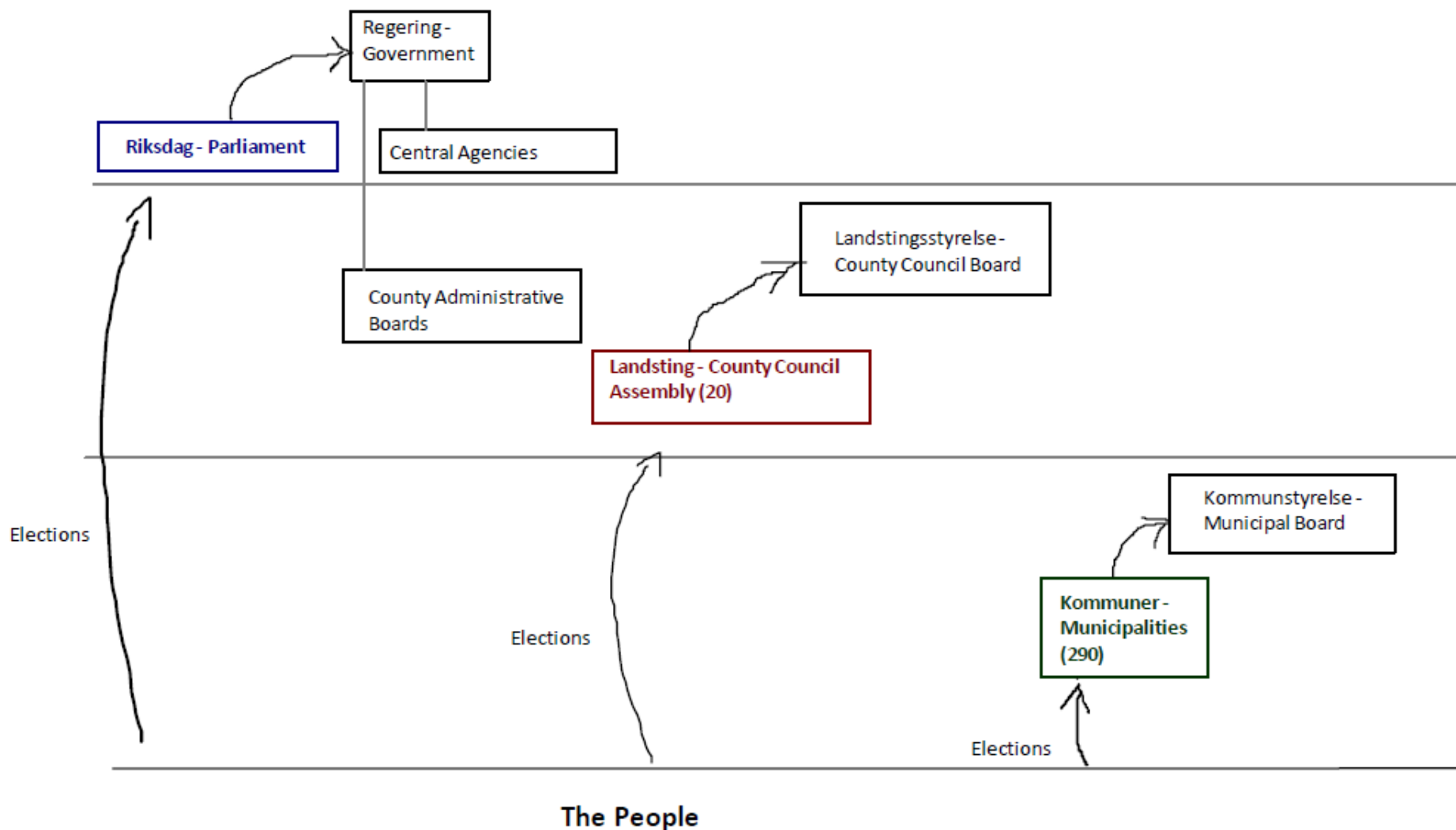
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Municipality Size

- Area:
 - Kiruna largest (19 447km²)
 - Sundbyberg smallest (9 km²)
- Population:
 - Stockholm (760 000)
 - Bjurholm (2 600 – also the oldest!)
 - Half have less than 15 000 inhabitants

County Size

- The largest county council (Stockholm) has more than 1 850 000 inhabitants, while Jämtland, which is smallest, has 130 000.
- Twelve county councils have between 200 000 and 300 000 inhabitants.

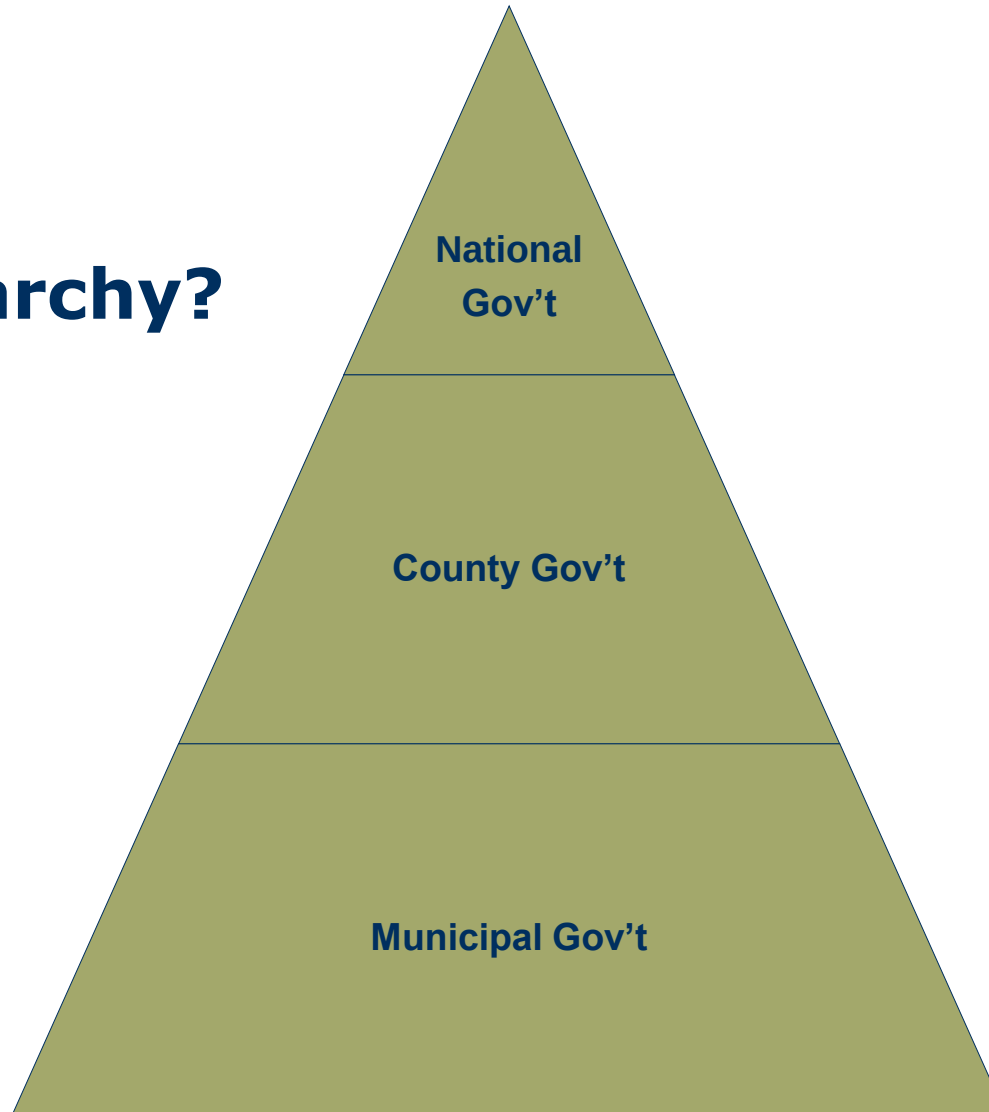


Territorial organization of Sweden

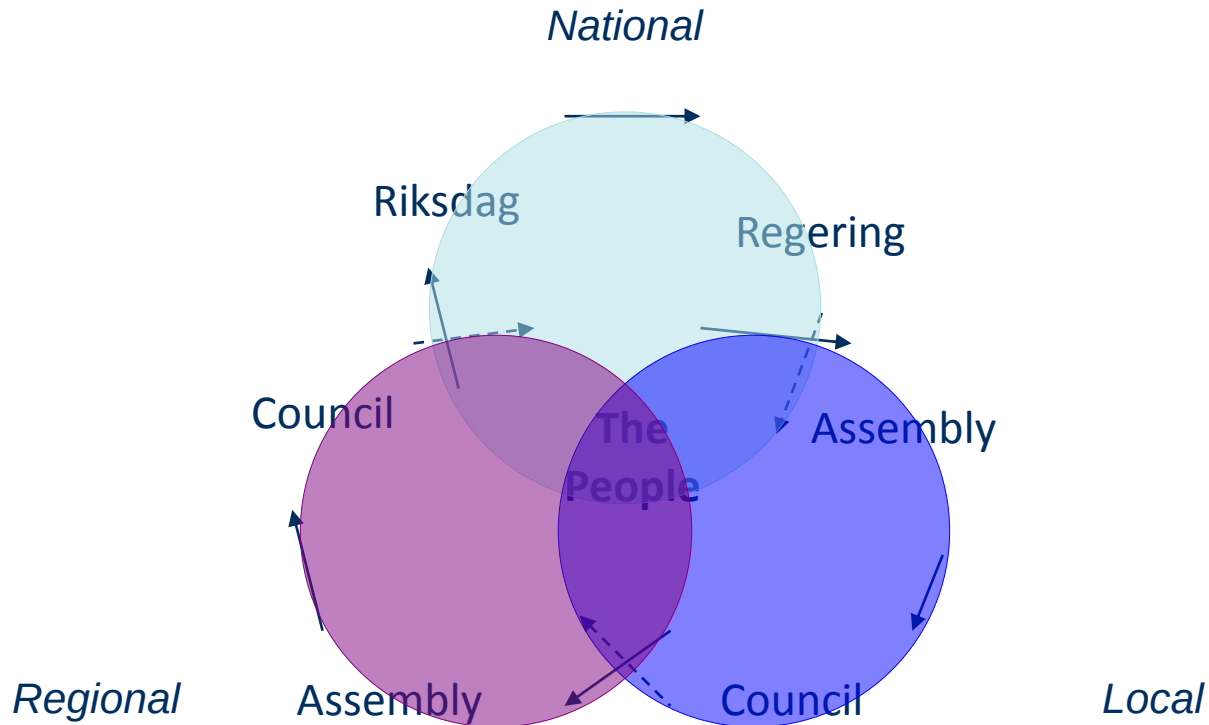
	<i>State gov't</i>	<i>County gov't</i>	<i>Municipal gov't</i>
<i>National level</i>	• Parliament • Government • National agencies	SKL – Swedish Association of Local Authorities & Regions (SALAR)	
<i>County level</i>	“Länsstyrelse” County Administrative Board	“Landsting” • County parliament • County government • Committees	Municipal Unions
<i>Local level</i>	Local state administration	Local County	Shared committees “Kommun” • Local parliament • Local government • Committees

A hierarchy?

(no)



Regional and local levels of equal stature



TASKS OF THE MUNICIPALITIES

Mandatory tasks:

- Social services (including elderly services, services for disabled people and individual and family services)
- Pre-school, compulsory and upper secondary education
- Planning and building matters
- Environmental and public health protection
- Refuse collection and waste management
- Water and sewage
- Rescue services
- Civil defence
- Library services
- Housing

Voluntary tasks:

- Leisure and culture
- Technical services
- Energy provision
- Street maintenance

TASKS OF COUNTY COUNCILS

Mandatory tasks:

- Health and medical care
- Dental care for children and young people up to 20 years age

SHARED TASK FOR MUNICIPALITIES AND COUNTY COUNCILS

Mandatory task:

- Regional and local public transport

Voluntary tasks:

- Culture
- Education
- Tourism

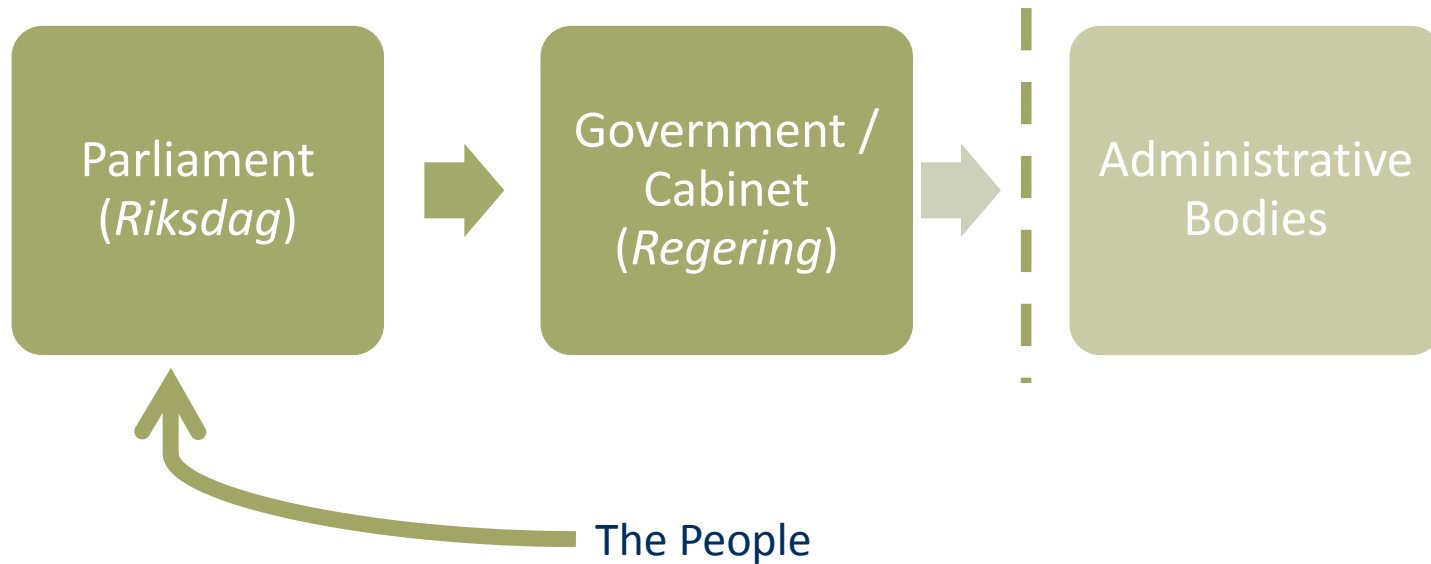
Part 2

CENTRAL GOVERNMENT ADMINISTRATION

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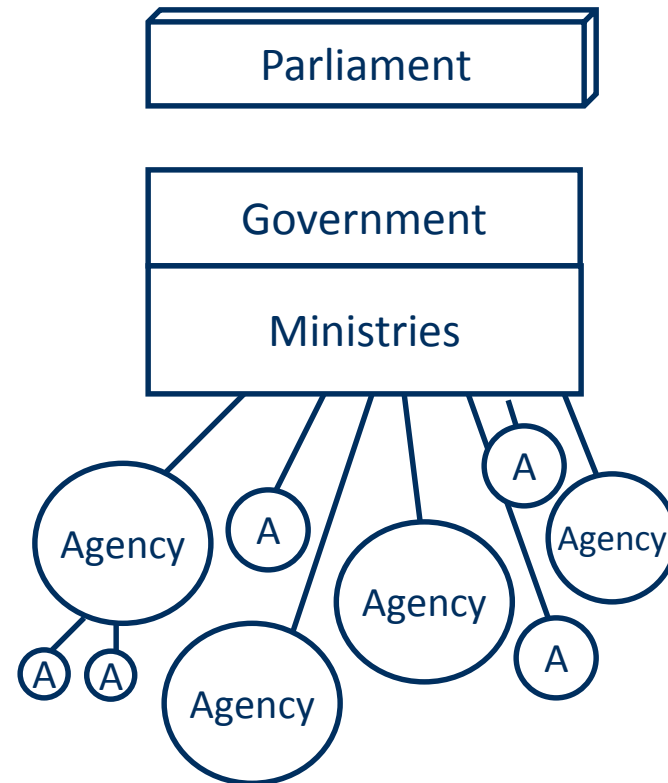
System of Government – National Level



Ministerial systems



Sweden



Picture courtesy of Swedish Gov't Offices

Small ministries

- Government Offices
 - Ministries: 12+2
 - Total number of employees (2008): 4771

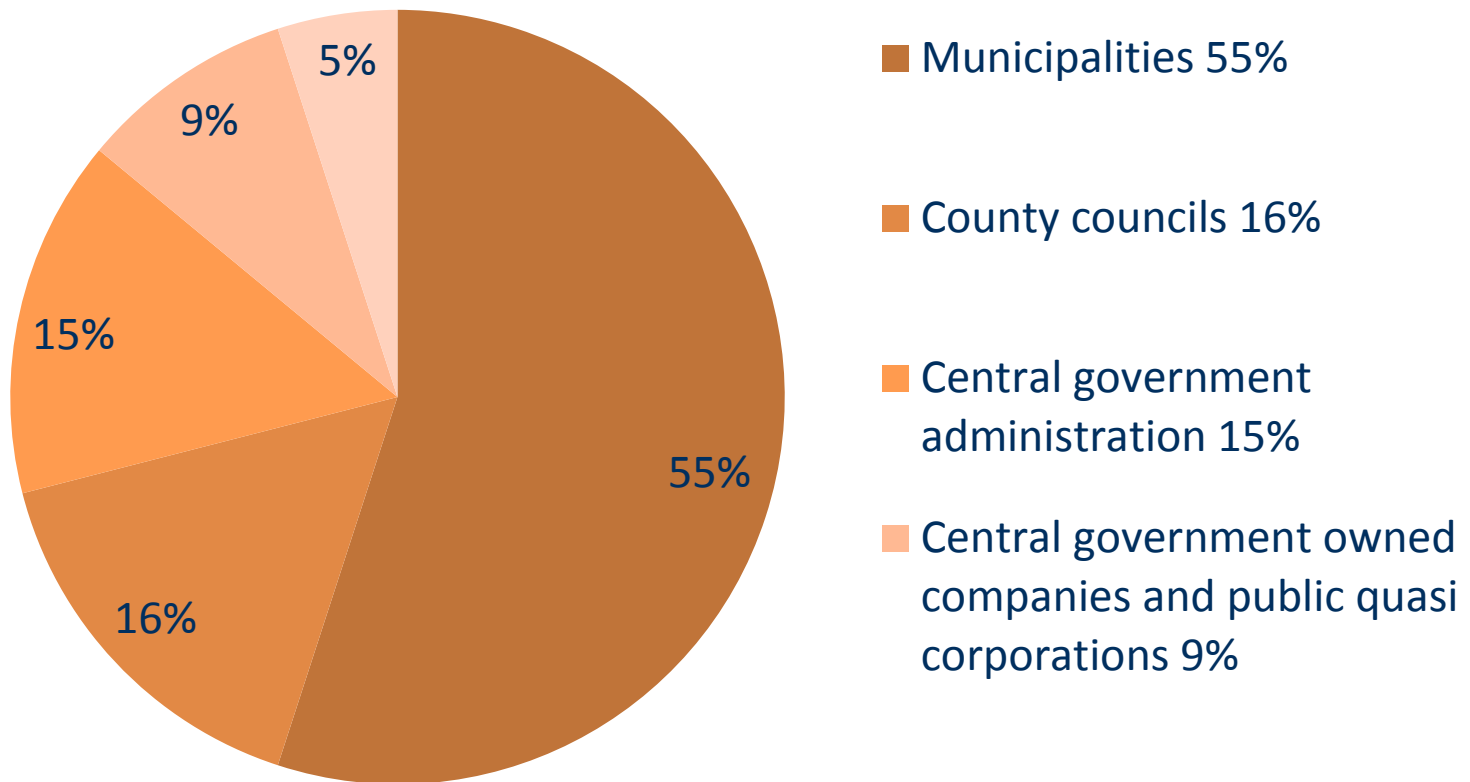
Large agencies

- Administrative agencies
 - Agencies: ca 250-500
 - Total number of employees: 230 000 (ca 6% of workforce)

Governing the agencies

- Prohibited
 - **Ministerial rule!**
 - Enforced by Parliament's Constitutional Committee
- Increasingly abandoned
 - Earmarked grants
 - Detailed regulation
- Allowed
 - Framework-budgeting
 - Objectives & results
 - Annual reports
 - General regulations
 - Letters of instruction
 - Appointment of DGs
 - Auditing & supervision
 - Parliament - JO
 - SNAO

Employed persons in different parts of the public sector (2006).



New Public Management

- “Marketization” of public sector
 - Competitive tendering & outsourcing
 - Contracts
- Decentralization/devolution
- Accountability
- Performance indicators and measurement
- MbOR

ORGANISATION
FOR ECONOMIC
CO-OPERATION
AND DEVELOPMENT



Performance management – two legs

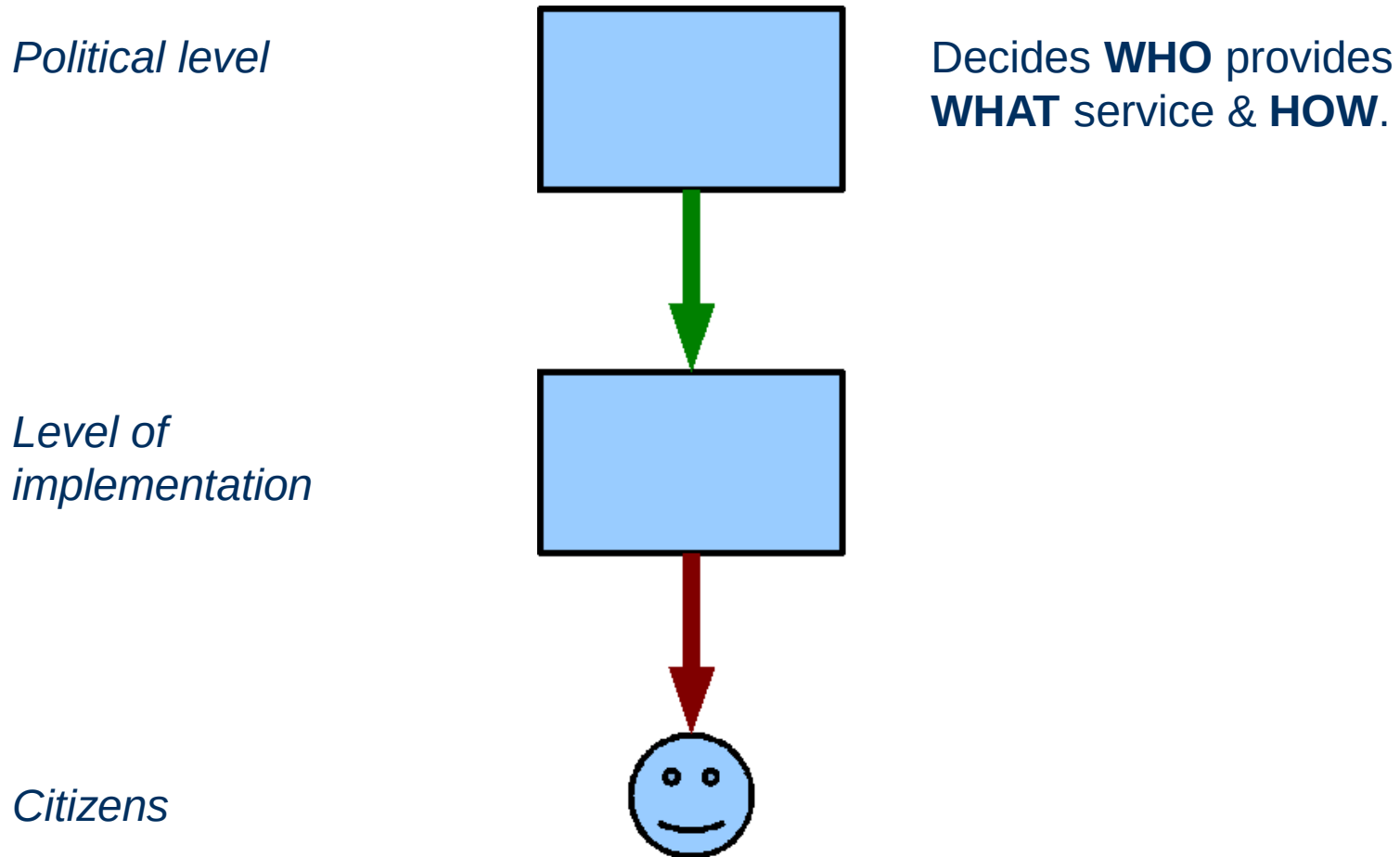
Management by objectives & results

- Objectives (outcome)
- Targets (output)
- Results:
 - Measurement
 - Follow-up
 - Evaluation
- Feedback (input)

Financial management

- Resource allocation
(framework budget)
- Accruals accounting
- Autonomous auditing
entities

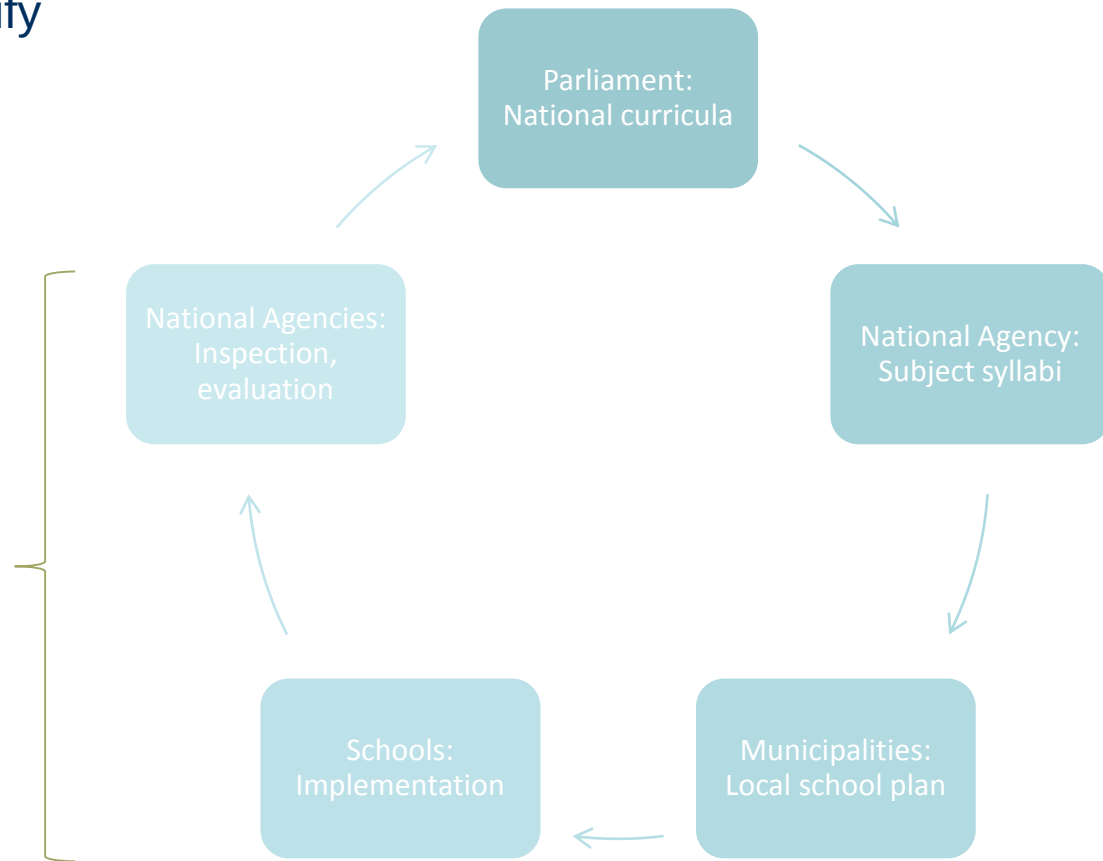
Traditional Implementation Chain



MbO in the School System

Politicians specify
WHAT services
(objectives).

Professionals
closer to the
service decide
HOW to do it.



Letting managers manage

- DG's responsibilities:
 - Achieve specified objectives
 - Decide internal organizational structure
 - Draw up budget & activity plan
 - Report feedback & projecting future needs
 - Manage HR (pay, hire & fire, incentives, training etc)
 - Delegate within organization
 - Ensure internal control

Part 3

DISCUSSION POINTS

NPM - limitations

- Choice:
 - Information is key
 - Inequalities
 - Not always [feasible](#)
- Contracts and tendering
 - Require high competence
 - Risk for corruption
- MbOR
 - Goals not always S.M.A.R.T.
- Performance indicators
 - Measurement overload
 - Rewarding underperformance?

Openness

- Public access to documents
 - Dates to the Freedom of the Press Act of 1766
 - Public unless classified or sensitive
 - Applies to
 - Requests are anonymous
- “Whistle blower” protection
 - All (including civil servants) who speak to the press are guaranteed anonymity by the FPA
- The Ombudsman institution
 - Accountability through public scrutiny

Consultation ("remiss")

- Opinions distributed to
 - Relevant agencies
 - NGOs/interest groups
 - Labor market organizations (unions etc.)
 - Local/regional governments
 - The public
- Ministry collects, summarizes, and presents responses along with proposition
- Intention is to enhance legitimacy, improve quality, and anchor policies

Illustration - consultation

- Swedish utility Svenska Kraftnät presented a study in 2006 which proposed 4 energy grid paths through southern Sweden
- The study was sent out for review and comment
- 3 months later, 1890 replies!
- The above-ground alternative was scrapped in view of criticism of its environmental impact, despite being 20-30% cheaper

Transparency and tendering

- *Svenska Dagbladet* has recently published a [series of investigative articles](#) on the procurement of microwave food for hospitals
- Illustrates importance of both
 - Whistle-blower protection and
 - Professionalism and adherence to rule of law in tendering process

Openness and corruption

Transparency International 2007
Global Corruption Perceptions

Rank	Country	Score
1	Denmark	9,4
1	Finland	9,4
1	New Zealand	9,4
4	Singapore	9,3
4	Sweden	9,3
6	Iceland	9,2
7	Netherlands	9,0
7	Switzerland	9,0
9	Canada	8,7
9	Norway	8,7

World Audit 2007 rankings

Country	Corruption Rank	Democracy Rank
Finland	1	1
Denmark	1	2
New Zealand	1	4
Singapore	4	74
Sweden	4	3
Switzerland	6	5
Netherlands	6	6
Norway	8	7
Canada	8	8
Austria	10	9

The Media

- "The third estate"
- Independent control on corruption
- Empowers the Ombudsman

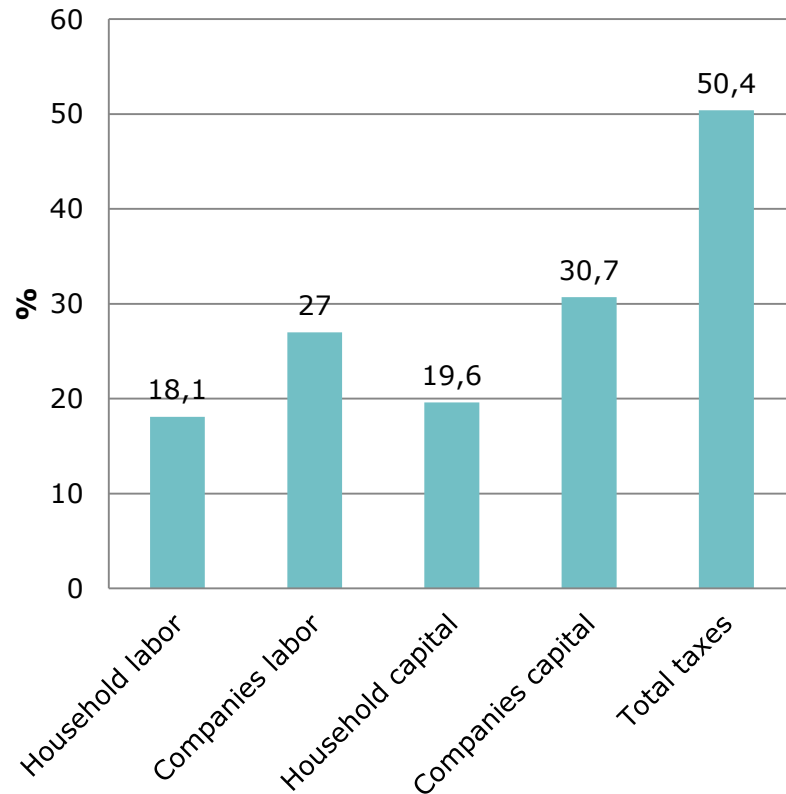
Challenges ahead

- Choice vs. Equality, Unity vs. Diversity
- Strengthening control functions, enhancing autonomy
- Competence enhancement
- What do we want to achieve?

The end

Taxes and GDP

Taxes, % of GDP 2004



Bn SEK 2005

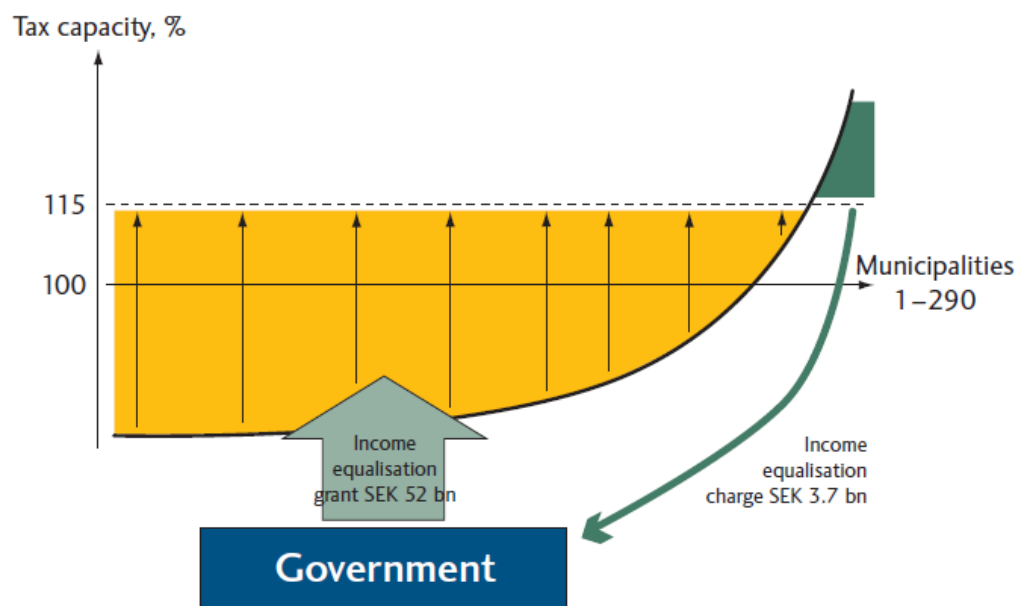
GDP	2 673	Ratio
Taxes	1 356	51%

State Governance Instruments

- Laws and ordinances
- National agencies' regulations
- General and equalization grants
- Earmarked grants
- Planning requirements
- Legal challenges

Income equalization grants

Figure 2 • Income equalisation for municipalities in 2008, *outline diagram*

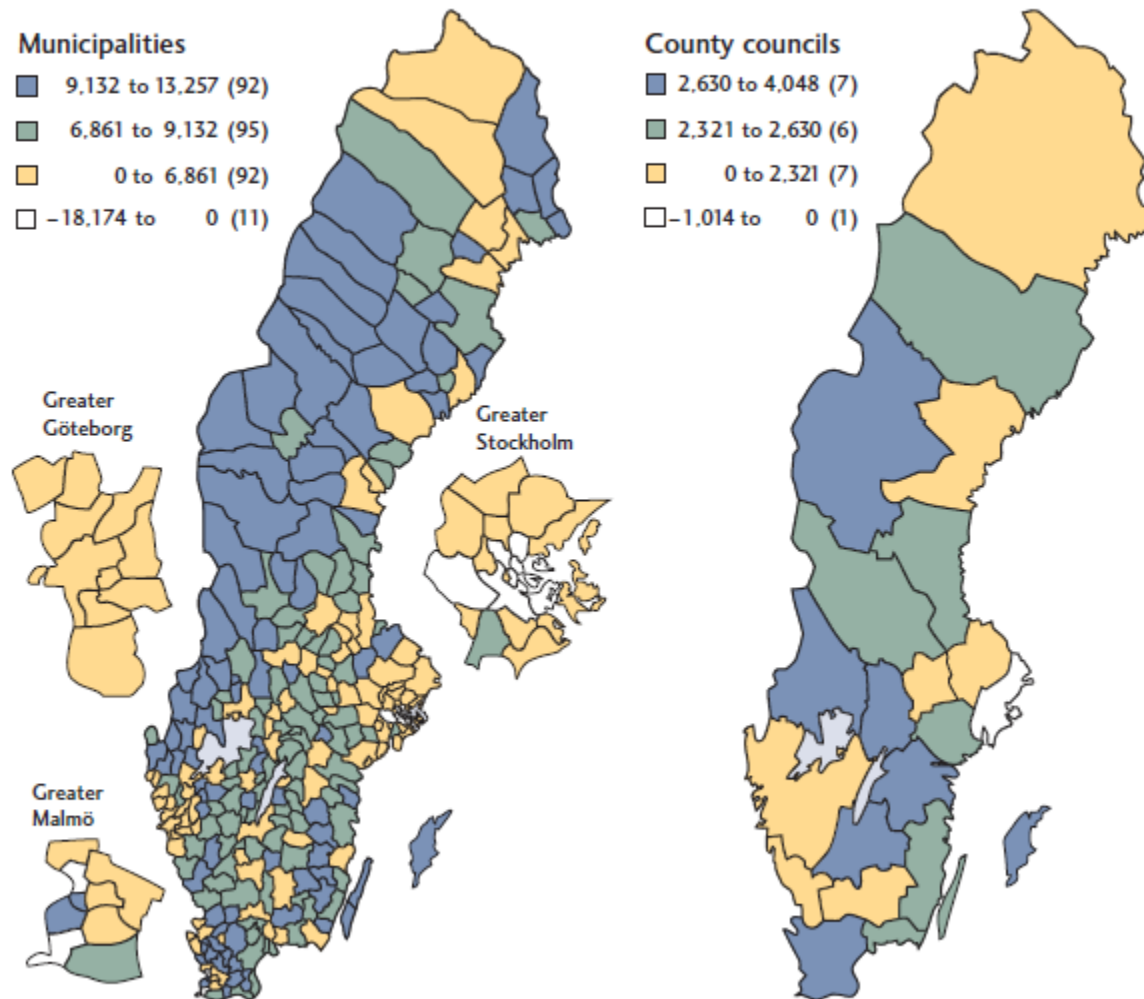


Tax revenues in Sweden

Total taxes in 2008 [3.1]

	SEK, billion	% of total taxes	% of GDP
Taxes on labour	909	61%	28.3%
Taxes on capital	163	11%	5.1%
Taxes on consumption and input goods	422	28%	13.1%
Total taxes	1 495	100%	46.5%
of which			
- taxes belonging to EU	7	0.5%	
- local income tax	503	33.7%	
- fees for the pension system	178	11.9%	
- state taxes	806	53.9%	

Figure 3 • Income equalisation 2008
SEK per inhabitant

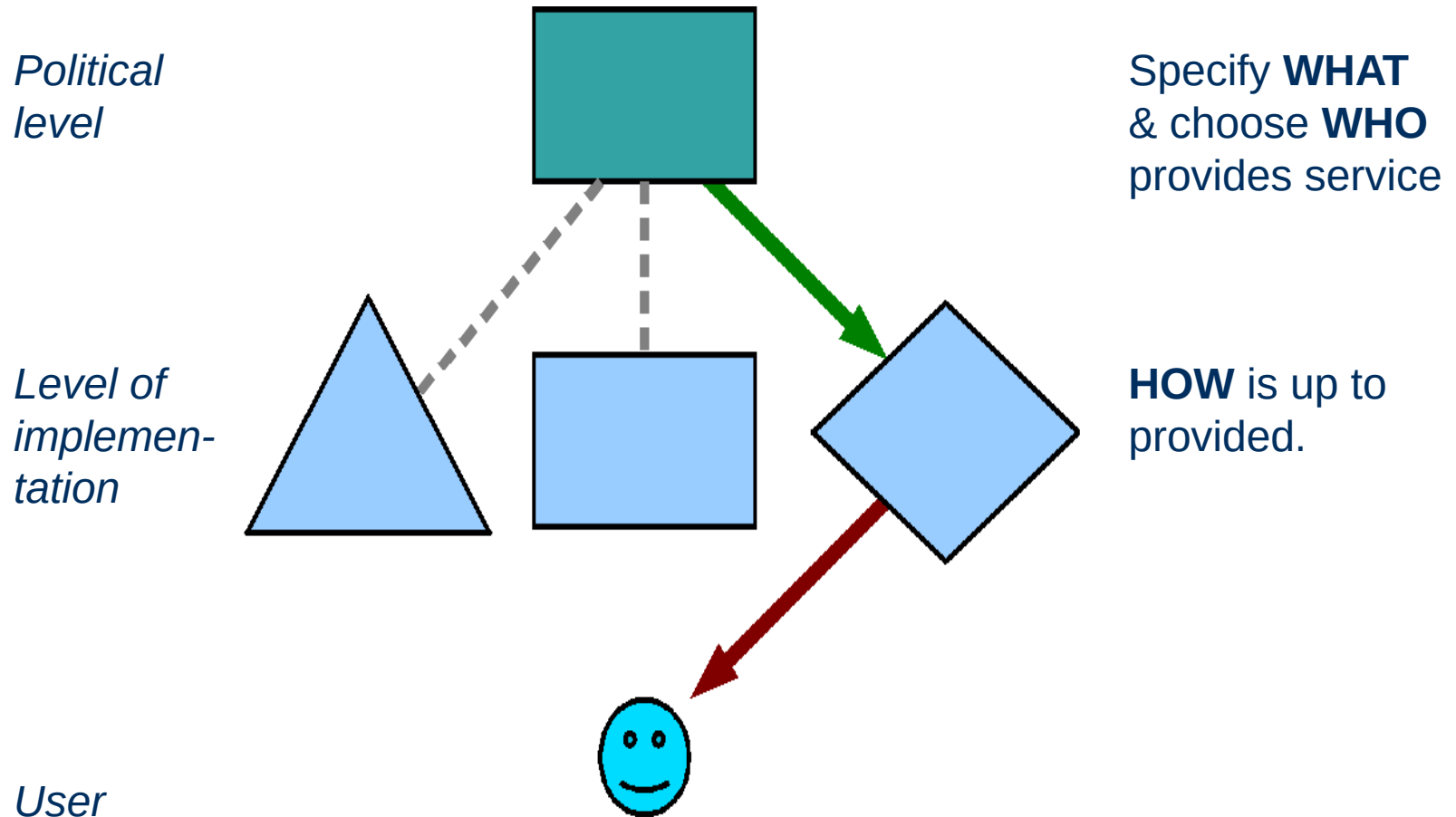


Source: Statistics Sweden.

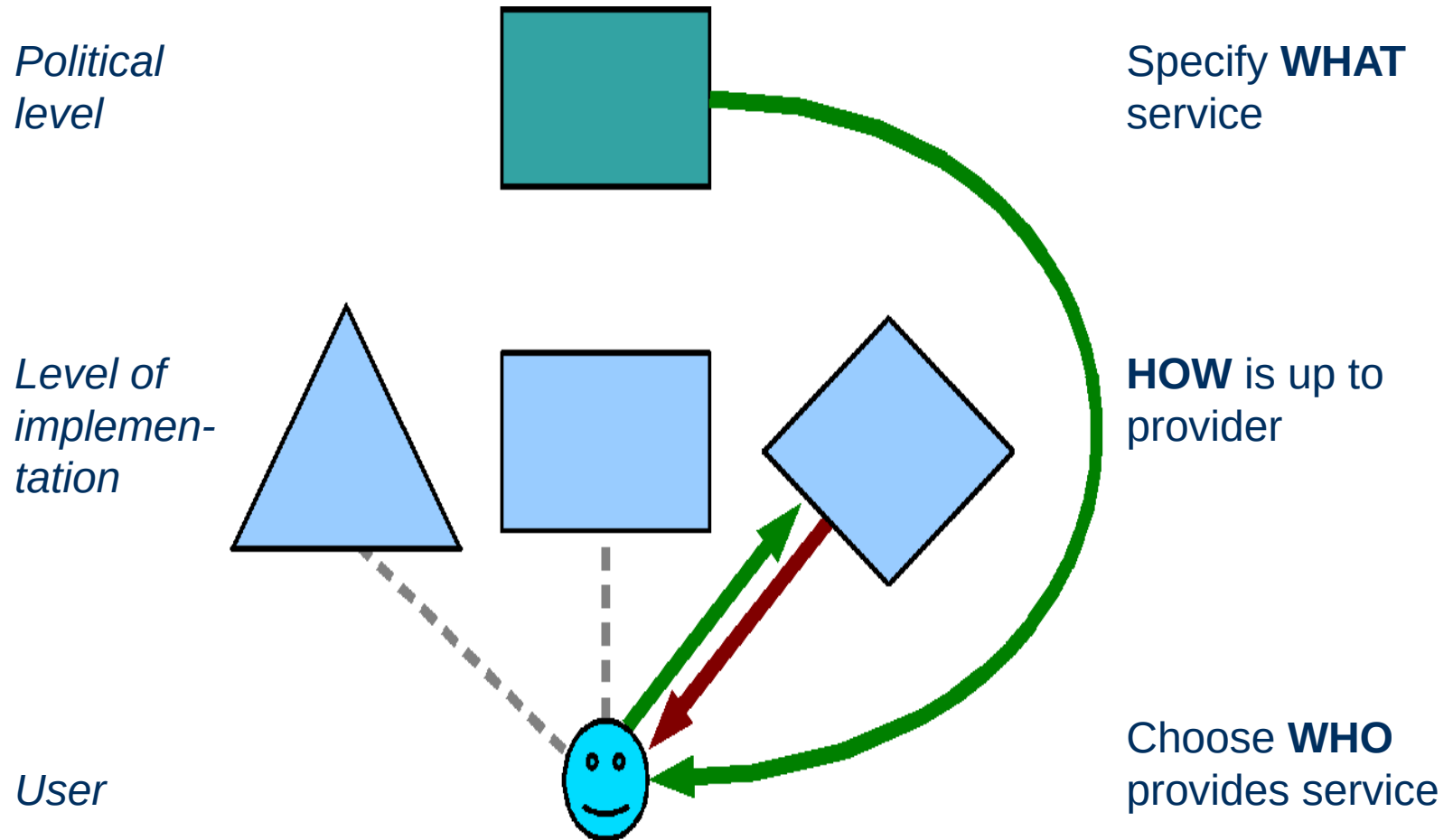
“Best practice” cases

- E.g. competitive tendering has increased efficiency
 - Stockholm city – 14% savings
 - Central gov’t coordination of tendering – est. 1.5 bn SEK per year in savings
- School vouchers – choice in the public sector

Management by Contract



Vouchers – the Swedish Way



Inquiry and consultation

