

Regional Structural Fund Partnerships

– do they provide a framework for effective use of EU funds?

Summary and recommendations

The Swedish National Audit Office has audited whether the Structural Fund Partnership system provides a framework for effective implementation of Structural Fund programmes in Sweden. In total it involves the distribution of EU funds of more than SEK 12 billion over the period 2014-2020.

The audit shows that there are several problems with the Structural Fund Partnership system. Taken together, these mean that the conditions for the effective implementation of the programmes are insufficient.

The Structural Fund Partnership system is complex and involves many actors. There are a number of uncertainties regarding the division of responsibility between them, and in practice many decisions are taken before the project applications reach the Partnerships. The conditions for effectiveness are negatively affected by an increase in the time from application to decision, learning in the system becomes inadequate and through decisions being governed by other factors than the project's own merits. There is also a lack of transparency in the system, which is detrimental to legal security

The role of the Partnerships has been limited

The Partnerships has not played a significant part in the initial process of mobilising applicants and carrying out calls for proposals. Nor have they had any formal responsibility or financial resources for such tasks. Their importance for the regional basis in the use of EU funds is therefore limited. By contrast, regions already play a key role in managing EU funds through their responsibility for regional growth. They also co-finance operations under the European Regional Development Fund (ERDF) to a significant extent. As a consequence, other actors in the counties have limited opportunities to exert influence by participating in the Partnerships.

Unclear priorities and absence of strategies

There are several issues linked to the role of the Partnerships in deciding which projects are to receive EU funding, which together constitute insufficient

conditions for the effective management of the funds. For example, it is difficult for third parties to gain an opinion on the reasons for the Partnerships' priorities. Few partnerships have guidelines or strategies for the selection of recipients. Nor do most partnerships indicate any clear reasons in their statements, in some cases none at all, concerning which projects they prioritise or not.

Difficult for Partnerships to have an independent role

Many members of the partnerships are closely linked to the projects and actors that are applying for funds the Partnerships are prioritising. There are several shortcomings in how the Partnerships deal with conflicts of interest. This refers both to who is disqualified due to conflict of interest and how the Partnerships deal with members that are disqualified due to conflict of interest. In view of the large number of members linked to the projects, it is difficult for the Partnerships to carry out their task while at the same time complying with the current rules on conflicts of interest.

Dialogue between Partnerships and agencies can be improved

In general, the Swedish Agency for Economic and Regional Growth and the Swedish ESF Council have provided good support to the Structural Fund Partnerships. Good cooperation between agencies and Partnerships is crucial for the proper functioning of the system, as they are responsible for each stage of the assessment of project applications. The Swedish Agency for Economic and Regional Growth and the Swedish ESF Council could, however, be clearer and more consistent with regard to Partnerships concerning the rules and procedures they apply when processing projects.

The Government needs to steer the Partnerships more clearly

An unclear division of responsibilities between the Partnerships, the regions and the Swedish Agency for Economic and Regional Growth and the Swedish ESF Council is, in several cases, a contributory factor to problems highlighted in the audit. The Partnerships are not public agencies, but they have a role in the exercise of public authority and work on behalf of the Government. We note that the Government has steered the work of the Partnerships only to a limited extent, and that in several respects the Government needs to be more explicit in its governance.

Recommendations

The Government should:

- Take the initiative to explore alternatives to the system of regional Structural Fund Partnerships. This should include examining whether the

responsibility for processing and selecting applications for Structural Fund resources should continue to be shared between agencies and other actors.

- Clarify the responsibilities of the Structural Fund Partnerships in relation to the regions.
- Require that the Structural Fund Partnerships set out the grounds for priority and that they update them where necessary.
- Require that the reasons provided by the Structural Fund Partnerships in their statements of opinion be explanatory.
- Ensure that the Structural Fund Partnerships apply the relevant provisions on conflicts of interest.
- Review the grounds for appointing the members of the Structural Fund Partnerships. This is to achieve a composition with fewer members with a close link to actors that themselves conduct projects seeking the funds on which the Partnerships express opinions.