

# Annual Report

2010

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## Foreword

The agency for growth policy evaluations and analyses - Growth Analysis - has been commissioned to, based on various perspectives, evaluate, analyse and report on the effects of the State's measures for sustainable growth, competitiveness and regional development capacity throughout the country. The Agency shall also provide a basis and recommendations for the revision and efficiency enhancement of these measures. Thereby, Growth Analysis serves as a state knowledge organisation; closely linked to the Ministry of Enterprise, Energy and Communications and receives commission from other ministries. The commission also includes managing policy intelligence and promotion abroad, in collaboration with, inter alia, the Swedish Agency for Economic and Regional Growth, Vinnova and the Swedish Energy Agency. The following summarises the Agency's first complete financial year:

The annual report shows that in 2010 Growth Analysis has worked with 34 specific Government commissions, of which 15 were presented in a final report during the year, completed 23 statistical reports and responded to 29 referrals. In addition, the Agency has presented six reports under the authority of collaboration partners and introduced a new statistics portal.

The knowledge of the employees of Growth Analysis is presented not only in writing but also mediated through a number of seminars and activities on an ongoing basis throughout the year.

At the start of 2010, the Agency participated under the authority of the Ministry of Enterprise, Energy and Communications in the presentation of the *OECD's Territorial Review – the Case of Sweden*, a report in which employees at Growth Analysis actively contributed with the supporting documentation. For the Government, great importance has been attached to the *Varselgruppen (the Notices group)* – consisting of senior representatives from the country's counties and regions – and Growth Analysis has participated in all meetings, both with supporting documentation and presentations.

During the spring Growth Analysis and the Swedish Agency for Economic and Regional Growth organised Tillväxtdagen (The Growth Day), where approximately 400 seminar participants from all parts of the country received information with regard to both new authorities and their commissions. However, the highlight of the Growth Day was the presentation of the document Growth Facts, which was based on information about how Sweden and its regions are growing and the driving forces behind this growth. Facts from this document were also presented at a joint seminar during the politician's week in Almedalen.

Growth Analysis places great emphasis on international perspectives. Examples of this include the fact that the Agency participated as an organiser at the conference Challenges for Regional Development in the 2010s, along with, inter alia, Jönköping International Business School, and also the seminar 'The Future for Entrepreneurship and SME Policies in European Countries' in collaboration with the Swedish Entrepreneurship Forum and ECSB (European Council for Small Business). Our global perspective has further been strengthened by close ties with Nordic partners, active work in various OECD groups and international contacts within Innovative Policy Research for Economic Growth, the IPREG project. These networks and the local knowledge of our offices have been used in several of these specific commissions; for example in the work with simplification of rules, where experiences from one of the delegation trips to the U.S. and Canada provided a direct basis for conclusions and proposals.

During the year and in the aftermath of the financial crisis, the global perspective has become even more important which is why the Agency also – in line with a clear decision from the Government – highlighted global issues and filled vacancies for operations abroad.

Growth facts, written reports, seminars and other activities can be seen as the tip of the iceberg. Behind these visible and quantitatively measurable accomplishments which are presented in detail in the annual report there is an array of extensive work conducted by competent and dedicated employees on an ongoing basis throughout the year, in concrete commissions in close collaboration with the clients. Work was typically initiated with a reconciliation in order to guarantee that the issues were well-defined and clarified in an appropriate manner. Subsequently, continuous communication took place during the course of the work. Joint knowledge has been developed during this communication; an aspect which is the main characteristic of a knowledge organisation; co-production of knowledge. The development of knowledge has been enriched by knowledge from resource persons in national and international external networks. Thereby, new and useful knowledge is continuously formed during the many meetings at the various offices of the Agency. This is further developed in light of the concrete problems which officials and politicians face.

The skills and dedication of employees – supplemented by external networks – are thus the basis for success of a knowledge organisation. However, the unique fact-based knowledge infrastructure of Growth Analysis is added to this. The role of the Agency and strict confidentiality requirements provide the prerequisites to build long-term statistical series, databases and specially designed analysis tools. The Government has also provided the Agency with improved prerequisites to develop a micro database in which the State's initiatives for companies are documented. Growth Analysis thus has, in relation to private knowledge organisations, a unique opportunity to investigate the division of State initiatives within growth policy and evaluate the effects. During the year the Agency's own databases – PiPoS, rAps and IFDB – have been used extensively in the evaluation and analysis work.

Knowledgeable and dedicated employees in Sweden and abroad, a fact-based knowledge infrastructure, a developed network and established communication with the Government Offices of Sweden and cooperating authorities provide strong prerequisites to continue work on developing a basis relevant to policy issues for growth policy for sustainable development in all parts of Sweden. Growth Analysis is pleased to announce that the 2011 Letter of Regulation further builds on the scientific and proven knowledge which the Agency has generated over the first two years. We believe that continued high demand for supporting documents, reports and invitations for consultations and similar during the current financial year confirm that the objective and fact-based supporting documents of Growth Analysis play an active part in the development of Swedish growth policy.

Östersund, 22 February 2011

Dan Hjalmarsson  
Director-General





## Contents

<b>1</b>	<b>Profit and loss accounting .....</b>	<b>9</b>
1.1	Overview of operations.....	9
1.2	The Agency's commissions .....	9
1.3	Overview of completed and ongoing commissions in 2010.....	10
1.3.1	Specific commissions.....	11
1.3.2	Ongoing commissions.....	11
1.4	Reporting on some representative commissions.....	13
1.5	Trade and industry - entrepreneurship .....	14
1.6	Accessibility and regional growth .....	15
1.7	Innovation and global meeting places .....	17
1.8	Operating costs and revenues.....	18
1.8.1	Comments on the operating results for 2010 .....	20
1.9	Provision of skills.....	21
1.9.1	Recruitment .....	21
1.9.2	Skills development.....	21
1.9.3	External provision of skills.....	22
1.9.4	Contributions to operating results .....	22
1.9.5	Further measures for the provision of skills .....	22



# 1 Profit and loss accounting

The Agency Growth Analysis began its operations on 1 April 2009 and presents comparative accounting information for the period the Agency has been operational.

## 1.1 Overview of operations

Growth Analysis has been commissioned to, on the basis of various perspectives, evaluate, analyse and report on the effects of the State's measures in support of sustainable growth, competitiveness and regional development capacity throughout the country. The Agency shall also provide supporting documentation and recommendations for the revision and efficiency enhancement of these measures.

Growth Analysis is also charged with the task of seeking, systematising and conveying knowledge about the internationalisation of the economy and the conditions for sustainable growth in different countries and the responsibility for official statistics within international companies, start-ups, bankruptcies and public composition. The Agency's databases for entrepreneurship and accessibility and the regional analysis and forecast systems are important knowledge infrastructures for conducting operations.

The knowledge base and proposals provided to the Government shall be relevant to policy issues and be able to be used in the work of designing growth policy. The assignments are designed in close communication with clients, mainly the Ministry of Enterprise, Energy and Communications.

Growth Analysis has operations in several countries. The main office is located in Östersund, Sweden, but activities are also conducted in Stockholm, Brussels, New Delhi, Beijing, San Francisco, Tokyo and Washington, D.C. In December 2010, the upcoming operations of Growth Analysis for Brasilia were introduced.

## 1.2 The Agency's commissions

Growth Analysis has – in communication with the Government Offices of Sweden – chosen to concentrate on four areas which equate to the Agency's departments: (1) Entrepreneurship and Enterprise, (2) Innovations and Global Meeting Places (3) Accessibility and Regional Growth and a department for (4) Operational Development and Support. An essential premise for the Agency's work is to analyse the prerequisites for achieving well-functioning markets. This involves the Agency working with evaluations and analyses of supplementary supply of capital, advisory services and other public initiatives. Central in this context is studying the interaction between the private market and activities in the public sector. Examples include development of skills, infrastructure and culture in order to achieve maximum sustainable growth.

Initiatives to supplement markets and develop infrastructure usually need to be viewed from a global perspective. The document Growth Facts, devised by Growth Analysis, shows that Sweden has a globalised economy where exports and imports of goods and services are at a level equal to half the gross domestic product. It is not only cross border trade which gives rise to global dependence but also direct investments. The Agency's statistics in this context show that a quarter of all jobs in the Swedish trade and industry are in foreign-owned companies. The international dependence is further accentuated when taking into account that one-fifth of all jobs in trade and industry are in workplaces which

are a part of Swedish groups with operations not only in Sweden but also abroad. If we then include sub-contractors, research cooperation and other operational dependencies, it is fair to say that a major part of Swedish trade and industry is directly influenced by conditions outside of Sweden. The Agency's own analyses thus show that Sweden and Swedish trade and industry are inextricably intertwined in global trade and production systems. Growth Analysis has therefore, through its various offices been commissioned to, by means of global analyses, seek, systematise and convey knowledge about the internationalisation of the economy, the conditions for sustainable growth in different countries and measures in different countries which aim to attain sustainable growth at a national and regional level.

Growth Analysis is responsible for official statistics concerning international companies, start-ups, bankruptcies and public composition. In addition it is also responsible for reporting to the Government on the occurrence of State support to enterprise in accordance with the reporting requirements pursuant to the European Communities' and World Trade Organization's regulations regarding subsidies. Growth Analysis is also responsible for managing and developing systems for accessibility analyses. This is done by the Agency working with, and continuously developing, the accessibility platform "PinPoint Sweden" (PiPoS). In addition, Growth Analysis is responsible for the regional analysis and forecast system rAps. At present users of rAps include almost 50 national and regional actors and the system is also used in the Agency's own analyses.

### **1.3 Overview of completed and ongoing commissions in 2010**

Growth Analysis' feedback on the operations of the commissions are based on a division of the commissions in the categories, continuous and specific commissions.

*Continuous commissions* refer to operations which are conducted on an ongoing basis and are based on the Agency's Government Letter of Instruction. A significant part of the work in this category consists of activities which are a prerequisite for the production of knowledge in the Agency. It refers to activities such as maintenance and development of the Agency's knowledge infrastructure in the form of databases (IFDB, PiPoS, rAps), growth policy intelligence work based abroad and its promotion activities carried out in collaboration with the Government Offices of Sweden and other authorities, development and knowledge transfer, networking, meeting participation and communication. It also includes the production of official statistics and annual reporting of regional growth indicators.

The *specific commissions* are provided in the form of *Government commissions* through letters of regulation, Government decisions and commissions in communication with the Ministry. In 2010, the Agency has received an increasing share of Government commissions in which the commission in various ways involves collaboration with other authorities. For the years 2009 and 2010 the report only includes the collaboration commissions which were commissioned directly to the Agency as specific commissions and the collaboration commissions in which the decision for other authorities has formed part of the ongoing commissions. As of 2011, a reorganisation will take place so that all Government commissions, which involve collaboration with other authorities, will be presented in the category specific commissions.

### 1.3.1 Specific commissions

Growth Analysis' Letter of Regulation for 2010 contained 14 commissions, of which four were transferred from the Letter of Regulation for 2009. During the year there was an addition of 11 new Government commissions and nine Government commissions which were transferred from 2009. This gives a total of 34 specific Government commissions for 2010.

In total Growth Analysis has commenced, continued work with or reported 30 Government commissions. Of the completed Government commissions seven were commissions from the Letter of Regulation, five Government decisions and two Government commissions in collaboration with other authorities and a commission conducted following communication with the Ministry of Enterprise, Energy and Communications.

Table 1 Specific commissions from the Government (all amounts in SEK thousand)

Specific commissions	Number 2010	Cost	Number 2009*	Cost
Commissions transferred from previous year	13		14	
New commissions during the year	21		18	
Total commissions during the year	34		32	
This year's completed commissions	15	25,679	21	22,181
Ongoing at end of year	22		11	

\* The financial year 2009 only includes nine months, from April to December

### 1.3.2 Ongoing commissions

As previously mentioned, a significant part of the work within this category comprises activities which are a prerequisite for knowledge production at the Agency. Some of the Agency's ongoing commissions are presented below.

Table 2 Ongoing commissions (all amounts in SEK thousand)

Ongoing commissions	Number 2010	Cost	Number 2009*	Cost
Statistical reports	23 (7+16 online)	9,785	19 (7+12 online)	10,704
Referrals	29	320	33	300
Delegation visits	20	5,565	13	2,603
Reports collaboration actors	6	1,585	3	621
Completed		14,778		13,228

\* The financial year 2009 only includes nine months, from April to December

The report on ongoing operations of the commission is supplemented by a description of the statistics operations and the growth policy intelligence work based abroad and how the sparse and rural perspective is integrated into the operations of the Agency.

#### *Statistical operations*

Growth Analysis is responsible for the production of official statistics in the areas of start-ups, bankruptcies and public composition as well as international companies. During the year, a total of six written publications have been produced, three for start-ups, two for

international companies and one for bankruptcy and public composition. In addition, statistics on bankruptcies and public composition have been published monthly, and quarterly for start-ups on the website of Growth Analysis, [www.tillvaxtanalys.se](http://www.tillvaxtanalys.se), a total of 16 online reports.

In 2010 Growth Analysis has developed an online database to increase the availability and dissemination of official statistics. The database opens up opportunities for visitors to devise their own statistics within the areas of start-ups, bankruptcies and international companies.

Growth Analysis is also responsible for annual reporting to the Government on the occurrence of State support to enterprise in accordance with the reporting requirements pursuant to the European Communities' and World Trade Organization's regulations regarding subsidies. In September of 2010 the report "Statligt stöd till näringslivet 2009" ("State support for trade and industry in 2009", Statistic report 2010:06) was published.

Under the authority of the Ministry of Enterprise, Energy and Communications, Growth Analysis annually devises statistics for IT and the **electronics** sector. In 2010 work was conducted on the report "Elektronikindustri och IT-relaterade tjänsteföretag 2007 och 2008" ("The electronics industry and IT related service companies in 2007 and 2008" Statistic report 2011:01) which was published at the start of 2011.

#### *Growth policy intelligence work based abroad*

In December 2009 (Ref. no. 2009/323) Growth Analysis was commissioned by the Government to be responsible for growth policy intelligence work based abroad and promotion within the growth, innovation, research and educational policy areas and in other areas of importance for Swedish competitiveness and sustainable development. In April 2010, the Ministry of Enterprise, Energy and Communications submitted a standpoint memorandum with regard to development of the operations (Ref. no. 2009/323). The memorandum gives a clear picture of the view of the Ministry of Enterprise, Energy and Communications and the Ministry of Education and Research on the purpose and direction of the operations of the work based abroad, prioritised thematic areas, the geographical location of the offices, management of operations, collaboration with other actors and funding.

In accordance with the memorandum, during the year the Agency took a decision to the effect that Growth Analysis' operations based abroad, through collaboration with the Government Offices of Sweden and authorities shall clearly contribute towards increasing the knowledge structure, competitiveness and sustainable growth in Sweden. Growth policy intelligence shall focus on six thematic areas. These are: sustainable development/energy/climate, life sciences, technological development, innovations and entrepreneurship, regional growth and simplification of regulations. It is also clear from the ruling that the work based abroad will solely focus on public actors and their needs and be based on existing collaborations which Sweden has with other countries via agreements within the areas of education, research, innovation and energy. In 2010, intensive efforts have been undertaken to develop and build the operations in accordance with the decision.

During the year a ruling was taken to establish new operations in Brazil from the turn of 2010/2011. The establishment is being conducted in collaboration with the Ministry for Foreign Affairs and the location is at the Swedish Embassy in Brasilia. The reason for the establishment is that the Government, cooperation agencies and Growth Analysis, have a growth policy interest in the country. There are several cooperation agreements between

Sweden and Brazil and the Swedish Government has adopted a strategic action plan for the cooperation.

During the year Growth Analysis developed intelligence on South Korea. Operations are managed from the office in Japan.

In order to enhance anchoring and transparency of the future foreign based operations a Cooperation Council has been established. The Council consists of representatives of the co-financiers of the operations and the Chair is the department head of Innovations and Global Meeting Places. The Council has held three meetings in 2010.

#### *The sparse and rural perspective in operations*

Pursuant to the Letter of Regulation for 2010, Growth Analysis shall report on how rural issues have been integrated into the Agency's work. The following model has been developed in order to ensure this is conducted in a structured manner.

The model consists of two measures for ensuring any such integration.

- Rural proofing
- Reports and seminar series

Rural proofing: An impact assessment is included in the compulsory check-list which is handled in conjunction with the start-up of commissions/projects at the Agency. Each commission/project manager responds to the following questions:

Is there reason to believe that the commission/project has content or a purpose which may constitute a specific impact for rural and sparsely-populated areas in comparison to the country as a whole? If yes, this must be described.

The description shall refer to: (i) a brief text in the report in question (ii) insertion of the same text in a common folder where the text is saved and linked to the relevant report (title + ref. no). The latter is then a basis for monitoring and reviewing operations.

Reports and seminars, mean that the integration of the rural perspective is achieved partly by an internal seminar series and partly in the reports. Both operations are thematically structured and include in-depth information linked to the annual report entitled "Regional Growth" or other relevant and current commissions which are managed within the Agency. The Department of Accessibility and Regional Growth is responsible for the implementation.

### **1.4 Reporting on some representative commissions**

In this section Growth Analysis will report on some of the representative commissions which were concluded in 2010. Some of the commissions are based on the Agency's assessment that the commissions fulfil the following factors: (1) good policy relevance, (2) provide a good description of the forms of work of Growth Analysis, the knowledge organisation's way of working (3) use of Growth Analysis' knowledge infrastructure, and (4) that they cover the Agency's work within the three areas operations have focused on during the year. The results of the commissions are contained in the sources mentioned.

Costs reported for the implementation of the commission are calculated based on time spent by analysts per commission, estimated at an average price per analyst hour, and the direct costs accounted for on each commission.

## 1.5 Trade and industry - entrepreneurship

### *Gender distribution of regional corporate support*

In October 2009, Growth Analysis was commissioned by the Government to analyse the distribution of regional corporate support in terms of gender and whether such support is adapted to current and future industrial structures. The purpose of the commission was to determine whether females and males have different opportunities and conditions to obtain the various forms of corporate support. The exact implementation and structure of the analysis has been the subject of extensive communication between Growth Analysis and the official in charge at the Ministry of Enterprise, Energy and Communications. The results were published in the report "Lika rätt och lika möjligheter till företagsstöd" ("Equal rights and equal opportunities to corporate support?", Statistic report 2010:02).

The commission has been conducted as a statistical analysis based on extensive micro data on companies and entrepreneurs in different regions. The basic data source has been the Agency's Individuals and corporate database, IFDB, which consists of a large number of records which are connected to each other. Other data sources have then been specifically connected in order to conduct this commission. The additional data sources including data with regard to operational corporate management, and data from the Swedish Agency for Economic and Regional Growth on the companies which have received different types of regional corporate support.

Access to the IFDB and the internal knowledge of the records contained in the database, and what needs to be supplemented have been important prerequisites for the delivery of the commission within the relatively tight deadline.

The total cost of the commission is estimated at SEK 540 thousand. This does not include the costs of developing and managing IFDB incurred over time, that is, the cost of ongoing operations for developing and maintaining the fact-based knowledge infrastructure.

### *Study of the effects of rules on companies*

The Government has a clear goal that the administrative regulatory burden shall be reduced by 25 per cent by 2010. However, the national economy costs for various regulatory frameworks may be significantly larger than the administrative burden. For example, poorly designed rules affect competition, investments and entrepreneurship in such a way that significant national economy costs are incurred.

Due to the fact that knowledge is relatively limited on the nature and extent of national economy costs which are caused by rules, Growth Analysis was commissioned to study how the rules affect entrepreneurship, investments and productivity development. In order to ensure relevance to policy issues and anchor the commission, a reference group comprising representatives from the Board of Swedish Industry and Commerce for Better Regulation, the Swedish Better Regulation Council, the Swedish Agency for Economic and Regional Growth and the Ministry of Enterprise, Energy and Communications. The report was presented in 2010, 'Studie av reglers effekter för företag' (Study of the effects of rules on companies, Statistic report 2010:14). The analytical results were quality assured also through scientific seminars where researchers in the field were able to discuss and provide feedback on the supporting documentation.

The Agency's resources were supplemented for implementation by procurement of external expertise for the commission. This procurement was funded by the SEK 1.5 million the Government Offices of Sweden allocated for the commission.

Moreover, an important part of the commission has been the delegation trip to the U.S. and Canada which took place within the framework of the commission. By utilising Growth Analysis' organisation abroad, it was possible to organise a delegation trip which allowed the client to acquire greater knowledge about issues relating to simplification of rules are handled in other countries, which is important for future policy development in Sweden.

The successful conclusion of this commission has been dependent on the method of working of Growth Analysis to, if necessary, procure the right skills for the commission and to take advantage of the added value provided by the organisation abroad. In addition, communication with the reference group and the client have contributed to ensuring relevance to policy issues of the commission.

The total cost of the commission is estimated at SEK 2.2 million.

## **1.6 Accessibility and regional growth**

*Analysis and forecast of future need for and supply of expertise and labour in the municipalities of Gällivare, Kiruna and Pajala.*

Ore fields are undergoing change. In the municipalities of Gällivare, Kiruna and Pajala extensive investments are ongoing within mining operations. These changes affect the municipalities' operations for promoting strong progress of society in many ways.

In 2009 Growth Analysis was commissioned by the Government to analyse and forecast the future need for and supply of expertise and labour with the aim of contributing to positive development and greater growth in the three municipalities. The primary issue was how regions that face significant industrial change should act in order to develop as positively as possible.

The commission was provided by the Government but the final report, which was submitted in June 2010, was primarily intended to be used as a basis for decisions by the municipalities of Gällivare, Kiruna and Pajala, and to provide guidance to other regions facing significant industrial investments.

Ore fields undergoing change - a report about the labour supply and development opportunities in Gällivare, Kiruna and Pajala (Statistic report 2010:05), was completed and described the problems in more general terms while projections of the development for the three municipalities were conducted. The projections were made with the help of the regional analysis and forecast system, rAps, a system owned by Growth Analysis. The rAps forecast tool is specially developed to forecast future regional scenarios and is consequently particularly suited for this type of analyses. While Growth Analysis accounted for much of the analysis work an advanced forecast projects, following procurement of an external consultant WSP Analysis & Strategy was conducted.

In addition to the customary analysis, which was presented both in the final report, the work involved extensive communication with the relevant municipalities prior to, during and after the delivery. Municipalities had the opportunity to provide feedback on the supporting documentation prior to publication of the final report and the work was planned in a manner to take into account the municipalities need for supporting documentation.

Visits were made onsite in Pajala and communication also took place via a video link, over the telephone and in writing. The supporting documentation has also been used in a meeting between the Minister for Enterprise and Energy, Ministry of Enterprise, Energy and Communications and the stakeholders of the ore fields. The supporting documentation will again be used at a similar meeting planned for the spring of 2011, with two cabinet ministers who intend to participate.

The commission has used a total of 980 hours and the cost is estimated at approximately SEK 200 thousand in consultancy costs. Of the Agency's hours spent on the project a considerable share has been devoted to communication, visits and meetings. The availability of rAps has been an important prerequisite for the commission. The development costs for rAps which would be charged to this particular commission have not been calculated. However, it should be emphasised that the tool plays a key role in order to conduct this type of analysis.

The total cost of the commission - excluding the recurring costs for developing and maintaining rAps are estimated as SEK 2.2 million.

#### *Analysis of the effects of 'pumplagen' (the Pump Act) <sup>1</sup>*

There has been a restructuring of the market for sale of fuels in recent years. A large number of sales outlets for petrol and diesel have been closed, reducing availability in many rural and sparsely-populated areas as a result.

During the same period, the so-called 'pumplagen' (the Pump Act) has gradually been introduced. The Act means that sales outlets are under an obligation to also sell renewable fuels.

Growth Analysis has been commissioned by the Government to analyse how the availability would be affected if all the stations in rural and sparsely-populated areas with existing exemptions from the Act's requirements would be closed. Growth Analysis concludes that the Pump Act has probably contributed to the deterioration of availability, but that the largest negative change in availability in rural and sparsely-populated areas had other causes, not least the ongoing structural change (Reference number 2010:250).

The analysis of Growth Analysis focused on the period February-March 2010. The time spent on the commission was approximately 90 hours. In the subsequent communication, the Ministry of Enterprise, Energy and Communications has emphasised the significance of the analysis' relevance for policy issues.

However, the indirect time and resources required to complete the commission was of an entirely different magnitude. The Swedish National Rural Development Agency and since 2009 Growth Analysis, have since 1993 continuously developed the availability platform, now referred to as Pinpoint Sweden (PiPos), which makes it possible to analyse, inter alia, changes in the range of services for companies and citizens. The advanced platform's flexibility makes it possible to quickly resolve complex issues in an efficient manner. The above analysis is a strong example of this.

However, if the resources used during a commission like the pump analysis shall be described in a fair manner the construction of the platform should be included. However this cannot be done easily due to the long period of time the work has been ongoing and

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<sup>1</sup> *Act on the obligation to provide renewable fuels (SFS 2005:1248)*

because the platform is used for many various analyses. In other words, the share of development costs of the Pump Act for a period of 17 years cannot be summarised in one spreadsheet. However, it may be noted that this type of long-term construction of fact-based knowledge infrastructure within, inter alia, the field of accessibility is essential and contributes strongly to the Agency's efficiency, when fast policy-based analyses are conducted for the Government.

The total cost of the commission is estimated at SEK 130 thousand. As mentioned earlier, this does not include the cost which development and maintained of PiPos incurred over time.

## 1.7 Innovation and global meeting places

### *Student mobility and fees*

During the second half of 2010 work was conducted on the global student mobility under the authority of the Ministry of Education and Research. Three studies of comparable countries' recruitment of 'third-country students' in Asia was conducted (Direct Response: 2010:01, 2010:02, WP/PM 2011:01). In 2011 Swedish universities will introduce tuition fees for third-country students (from outside the EEA and Switzerland), in which Asia prior to the transition to paid education accounts for nearly 70 per cent of the incoming third-country students (approximately 6, 800 of the 9, 700 students in the academic year 2007/08) . The knowledge of how some other countries have chosen to try to recruit students is based on several case studies in the countries South Korea, India and China.

Work began with close communication with the Ministry of Education and Research and also the Swedish Institute. After the issue was clarified and defined, work began at Growth Analysis' offices in Beijing, Tokyo and New Delhi. The relevant institutions and persons in the countries concerned were contacted prior to the implementation of the commission. The offices collated material, conducted analyses and interviews for three weeks. Later the results were collated and subjected to quality assurance. The supporting documentation was sent to the client to ensure that their questions had been answered. Thereafter the report was published on Growth Analysis' website and distributed electronically to the client and to the group Forum for Internationalisation and to a number of university directors in Sweden. These studies have been in demand, which resulted in additional contacts and seminars in which the reports were discussed and new issues were developed. Growth Analysis continues to monitor the issue in 2011 as well within the framework of ongoing growth policy intelligence work based abroad.

The total cost of the commission is estimated at SEK 640 thousand.

### *Lean Construction - delegation trip*

In the spring of 2010 Growth Analysis was commissioned by VINNOVA to identify the prerequisites for "Lean Construction" by conducting a delegation or knowledge trip to Japan. The commission was carried out in close communication with VINNOVA and resulted in a delegation trip to Japan in October 2010 with 11 participants from universities, trade and industry (the LWE network, Lean Wood Engineering) and VINNOVA.

Following intensive communication a programme was devised in collaboration with VINNOVA, LWE and Growth Analysis with the main features of the visit with respect to

actors to visit and the seminar at the Embassy to attain additional interchange of the public relations part of the trip.

Prior to the delegation trip a "pre-meeting" was held, that is, a meeting where the group conducting the trip gathered in Sweden for a review of the programme, assignment of responsibilities for the trip such as the choice of delegation leaders at each visit, individuals in charge of documentation, practical arrangements such as working methods with interpreters, logistical issues and the structure of seminars.

The trip was conducted over eight days in which the Growth Analysis' Tokyo office participated in all stages as the main organiser of both the group conducting the trip as well as the reception organisations/persons in Japan.

Following the trip a follow-up meeting was conducted with participants where experiences from the trip were discussed and activities arising from the trip were followed-up. Based on the results from the trip's seminar at the Embassy and from various visits education is now being planned, "*Design of sustainable building systems*", a collaboration between LWE and a consortium in Sweden (three universities and a number of industry players) and the University of Tokyo. In addition, a number of Japanese universities and trade and industry representatives have been invited to participate in an upcoming seminar that LWE is planning to hold in the autumn of 2011.

The total cost of the commission is estimated at SEK 410 thousand.

## 1.8 Operating costs and revenues

The total operating costs and revenues for 2010 are presented below in Table 3. During the year Growth Analysis has allocated an appropriation of SEK 74.9 million and SEK 19.2 million in grants aimed for foreign-based operations and SEK 3.2 million as revenues from fees. The year 2009 only covers three quarters and is not assessed as a standard year due to the establishment of the Agency. In 2010, no credit allocation has been used.

As the table shows, the proportion of grant funding increased in 2010 compared to 2009 and it is explained by the emergence of four new stakeholders, who are also the funders. In 2010 the cooperating authorities have included VINNOVA, the Swedish Energy Agency, the Ministry of Education and Research, the Swedish Agency for Economic and Regional Growth, the National Board of Health and Welfare, the Government Offices of Sweden and the Swedish Foundation for Strategic Research (SSF). The three first-mentioned authorities were also cooperating authorities/funders in 2009.

Growth Analysis' feedback on the operations is also presented based on how the operations' analysts divided their time through the commissions being categorised as ongoing and specific commissions. *Ongoing commissions* refers to the information which is defined in Growth Analysis' Government Letter of Instruction and constitute the Agency's basic commissions. The basic commissions operations are continuous and consist of knowledge development, maintenance and development of knowledge infrastructure (for example databases), the production of statistics as well as growth policy intelligence work based abroad and promotion operations. Activities are planned for growth policy intelligence work which shall be conducted continuously throughout the year and in close collaboration with the financiers of the operations. The *specific commissions* are provided in the form of *Government commissions*, i.e., through letters of regulation, Government decisions and commissions in communication with the Ministry. As a rule there are specific accounting dates for these commissions.

Growth Analysis monitors how analysts divide their time for various activities via Agresso's time tracking system. The division of analyst hours in 2010 shows that the share of time spent on the ongoing commission is 69 per cent. Some changes compared to 2009 are that the commission to update and comment on regional indicators for development in the country's regions in 2010 have been added as a commission in Growth Analysis' Government Letter of Instruction and thereby transferred from specific Government commissions to continuous commissions. A large commission from a party other than the Government (Utjämningskommittén/parliamentary committee.08) has been to devise supporting documentation for the tax equalisation.

The commission of conducting growth policy intelligence work based abroad and promotion equated to approximately 50 per cent of the total number of hours in 2010. The share of analyst hours spent on specific Government commissions was 31 per cent during the year.

Table 3 Operating revenues

REVENUE	2010	%	2009*	%
Administration grant	79,447	78%	53,937	80%
Fees and other income	3,215	3%	1,722	3%
Grants	19,225	19%	11,140	17%
Financial	260	0%	227	0%
<b>TOTAL REVENUES</b>	<b>102,147</b>	<b>100%</b>	<b>67,027</b>	<b>100%</b>

\* 2009 only includes 9 months

Table 4 Operating costs

COSTS	2010		2009*			
	Costs	Hours	Hours	Costs	Hours	Hours
<b>Type of commission</b>			%			%
Ongoing commissions in accordance with the Government Letter of Instruction	71,589	36,221	69%	42,322	26,294	59%
Government commissions via RB, in particular decisions or in communication	30,557	16,004	31%	24,705	18,520	41%
<b>TOTAL</b>	<b>102,147</b>	<b>52,225</b>	<b>100%</b>	<b>67,027</b>	<b>44,814</b>	<b>100%</b>

\* 2009 only includes 9 months

Note: Revenues have been taken directly from the profit and loss statement. Costs per commission type have been calculated as follows. The recorded project hours per type of commission are multiplied by the total indirect costs per project hour. The product is then added directly to the recorded cost per commission type.

Pursuant to the reporting requirements in the Letter of Regulation the costs per organisational unit shall be reported, see Table 4. Some comments regarding the distribution of costs compared to 2009 (estimated on the full-year effect) are (1) that the share of purchased consultancy services within the departments Entrepreneurship and Enterprise and Accessibility and Regional Growth has increased (2) that the costs of offices abroad have risen as a result of increased commissions from the Agency's collaboration partners, (3) in China the recruitment of new employees has entailed a degree of overlap for delivery and commissions due to the World Expo in Shanghai, (4) in Japan intelligence of South Korea has been established and (5) the department Operational

Development and Support has incurred extra costs for consulting services within IT, inter alia, for the development of online portals for statistics and suborders of new contracts for the operation and management of the Agency's IT.

Table 5 Costs per organisational unit

Organisational unit		2010	2009*
Entrepreneurship and Enterprise		20,313	12,926
Accessibility and Regional growth		16,709	10,011
Innovation and Global Meeting Places, total including offices abroad		35,921	23,723
	<i>United States</i>	<i>6,483</i>	<i>5,518</i>
	<i>Japan</i>	<i>9,312</i>	<i>6,241</i>
	<i>China</i>	<i>6,977</i>	<i>3,897</i>
	<i>India</i>	<i>2,436</i>	<i>1,586</i>
	<i>Belgium</i>	<i>1,390</i>	<i>1,019</i>
	<i>Brazil</i>	<i>103</i>	<i>0</i>
Operational Development and Support		29,204	20,367
<b>Total</b>		<b>102,147</b>	<b>67,027</b>

\* 2009 only includes 9 months

Pursuant to the reporting requirements in the Letter of Regulation the costs per organisational unit shall be reported. Costs shared by the Agency for IT/telephony, finance, personnel and management are reported to the department Operational Development and Support as are the local costs for the offices in Östersund and Stockholm. The reason for this is mainly that it simplifies administration.

### 1.8.1 Comments on the operating results for 2010

In accordance with the statement above, the Agency assesses that the results for the Agency's first complete financial year of 2010 were good.

Firstly, the commissions have been reported in accordance with the schedule stipulated in the Letter of Regulation or in specific procedures. Based on agreement with the principal the reporting deadline has been extended on certain occasions in order to attain quality improvements or to prioritise new commissions.

Secondly, communication between the Agency and the Government Offices of Sweden has been strengthened. This is clear as the 2011 Letter of Regulation further builds on the scientific and proven knowledge which the Agency has generated over the first two years. The Government's assessment of work which is essential in the future within growth policy in order to attain better and comprehensive supporting documentation is to a large extent in line with the conclusions reached by the Agency. Another indicator that the Agency is considered as valuable and generates results is the high demand for supporting documentation and reports from the Government Offices of Sweden and the authorities during the current financial year.

Thirdly, communication within the Agency has been strengthened. This has occurred through knowledge development in collaboration with clients and supplementation with external resources as well as through internal skills development.

Fourthly, decisive steps have been taken towards a comprehensive micro database containing an overall and detailed picture of the costs of growth policy. When this is fully developed prerequisites for high quality evaluations will be considerably improved.

Growth Analysis has interpreted parts of §2 of the Government Letter of Instruction, as that the commission is to report on barriers to growth and potential gaps in the growth policy system and provide overall global analyses. The continuous commissions and specific missions have addressed these three issues in different ways. In communication with the Government Offices of Sweden, prior to the Letter of Regulation for 2011, the Agency has also highlighted areas which may constitute barriers to growth – for example lack of capital – and identified deficiencies in the growth policy – for example a divided consultancy structure – and emphasised the need for strengthening growth policy intelligence work. In 2011 the Agency will continue to deal with the three issues in the Government Letter of Instruction based on the increased knowledge of employees, a large number of the previously reported commissions and the increasingly developed fact-based knowledge infrastructure. In particular this will be conducted in conjunction with the communication on the 2012 Letter of Regulation.

## **1.9 Provision of skills**

To a large extent expertise sourcing has been covered by existing staff, with supplementation by some recruitment, both permanent and some temporary employment of substitutes or experts in various fields. External consultants have been used to a larger extent than the previous year.

### **1.9.1 Recruitment**

Staff turnover during the year was 31 per cent, which mainly consists of permanent employees. Five new temporary employees have been recruited for our offices abroad and the first temporary employee is for our newly opened office in Brasilia, Brazil. Three temporary employees have been recruited specifically for the IPREG project. In addition, during the permanent recruitment of the Communications Manager, a new Department Head for Innovation and global meeting places and two analysts as team managers for technical development and research and innovation policy within the same department has taken place, which means that the Agency's basic organisation is now fully staffed. The number of applicants was fairly large during the recruitment stage and their qualifications were good, so we have been able to recruit the skills we required.

### **1.9.2 Skills development**

Collaboration and communication with clients, collaboration partners and other actors in the growth policy area are the main sources for the skills development of Growth Analysis' employees. Communication and working methods have improved over the year and have made a significant contribution to knowledge building. Information from our clients to study and analyse emerging issues and areas, has also developed our collective skills. During the year, international cooperation and thus the network of contacts has increased, particularly in the OECD area.

The aim during staffing of commissions and projects is to utilise resources and skills from other departments and to attain synergy effects and skills development. Internal seminars on the Agency's Government Letter of Instruction for the commission have been conducted resulting in very interesting and stimulating discussions.

### 1.9.3 External provision of skills

The external provision of skills has mainly consisted of purchased consultancy services but also through inter-agency cooperation and the use of staffing agencies. The cost for the purchase of services within the core operations amounted to SEK 10.8 million during the year. Inter-agency cooperation has taken place both within support and the core operations, for example, with Swedish National Institute of Public Health and VINNOVA. Staffing agencies have mainly been used within support operations. The cost for the purchase of services in addition to the core operations amounted to SEK 6.5 million during the year.

The procurement of framework agreements for consultancy services for the core operations has been conducted and was completed in late autumn. This meant a more efficient and flexible process for the external provision of skills.

### 1.9.4 Contributions to operating results

The measures described with regard to the provision of skills have contributed to the Agency, in a good manner, resolving its commission and achieving its set operational targets within the stipulated time period.

### 1.9.5 Further measures for the provision of skills

The framework agreements concluded in 2010 will contribute to a flexible and efficient provision of skills. For the subject areas which do not have a framework agreement, the procurement of skills and procedure will be developed further to facilitate the complex and time consuming procedure of procurement.

The aim to staff commissions across departments remains and will hopefully extend further in 2011. Work on the commission in the Government Letter of Instruction will also lead to increased interaction and knowledge transfer within the Agency.

A fully staffed organisation, low staff turnover, ongoing knowledge building through communication and cooperation and an effective process for the purchase of external skills, provides strong prerequisites for continued good operations and results for the Agency.