



**Expert evaluation network  
delivering policy analysis on the  
performance of Cohesion Policy 2007-2013  
Year 3 – 2013**

**Task 2: Country Report on Achievements of  
Cohesion Policy**

**Finland**

**Version: Final**

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**A report to the European Commission  
Directorate-General Regional Policy**

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## List of abbreviations

- AIR           Annual Implementation Report
- EDG           Enterprise Development Grant
- FEI           Financial Engineering Instrument
- OP            Operational Programme
- OSKE         Centre of Expertise Programme
- INKA         Innovative Cities Programme

## Executive summary

The promising recovery in the economy in 2010 and 2011 after the sharp GDP drop in 2009 halted in mid-2011 and the economy turned back to recession. The driver of the decline of the economy since mid-2011 has been the decreasing export. Low export demand has been supplemented by the effects of weakening international price competitiveness and structural change in pulp and paper industry, machinery industry and communication and electronics (Nokia cluster).

The objectives and priorities have remained much the same in regional ERDF programmes in spite of the changes in the economic environment. No official changes were made in 2012 in any of the programmes. However, the implementation had to adapt to the cuts of state finance in 2012 and 2013 which the Government decided in 2011.

The implementation of ERDF programmes varies between regions and priorities. Overall, Northern Finland has proceeded fastest both in terms of commitment rate and implementation rate. There is a lot of variation between the implementation rates in different regions. The highest implementation rate (94%) is in the priority "accessibility and environment" in Northern Finland by the end of 2012. The worst performing priorities in terms of implementation are "thematic development" in Southern Finland (32%) and "urban development" in Western Finland (35%).

The projects are estimated to have created significant numbers of new jobs (21,100 actual), new enterprises (5,900 actual) and R&D jobs (2,300 actual) by end 2012. Two thirds of new jobs and new enterprises have been created in Eastern and Northern Finland. However, the programmes have been less successful in creating jobs for women (32% of the total) and enterprises for women (37% of the total).

According to several studies all types of direct support to enterprises seem to have a positive effect on firm level employment. R&D support may have positive effects on the productivity, at least in certain conditions, but there is no evidence of the positive effect of other support types on productivity.

The new programme structure for the next period is clear and focused. The programme structure together with the improvements in the administration create good precondition for successful implementation.

The evaluations of the programmes in the present period have concentrated on the implementation of the programmes rather than results or effects of the actions. In the next programming period the effort and resources of evaluation should be shifted towards the analysis of results and effects of the actions.

## 1. The socio-economic context

Main points from the previous country report:

- The regions of Finland differ markedly in industrial structure and economic development because of geographical and historical influences.
- The concentration of production and population in the Helsinki region and other major urban areas in Finland has continued while population in Eastern Finland as a whole and in remote rural areas elsewhere has declined over several decades.
- The recovery in 2010-2011 turned to a new recession in the second half of 2011.
- The structural changes in manufacturing together with declining export demand have affected several manufacturing regions all over the country but also large urban regions specialised in ICT.
- The employment and unemployment rates between the regions have converged.

**Table 1 - Main characteristics of the regions in Finland**

	Helsinki-Uusimaa	Rest of Southern Finland	Western Finland	Eastern Finland	Northern Finland	Åland
Share of country's population (%) 2012	28.9	21.4	25.3	11.9	12.0	0.5
Population growth 2006-2012 (% p.a.)	1.1	0.2	0.4	-0.3	0.4	1.0
GDP per head 2010 (country=100)	136	85	90	76	86	120
Regional structure and specialisms	metropolis; services and high tech industry	semi-urban; basic industry	semi-urban; basic industry	rural; agriculture and forest industry	sparsely populated; tourism and ICT	small region; agriculture and shipping

Source: Statistics Finland (statistics).

### Developments since the 2012 report

The promising recovery in the economy in 2010 and 2011 after the sharp GDP drop in 2009 halted in mid-2011 and the economy turned back to recession. After growth of 3.4% in 2010 and 2.7% in 2011 GDP growth was negative, -0.8%, in 2012. The real value of GDP was still 4% below the level of year 2008. According to the initial statistics GDP fell further by -2.0% in the first half of 2013. However, economic indicators anticipate modest growth for the second half of 2013. The recent forecast of the Ministry of Finance<sup>1</sup> for GDP growth is -0.5% for the whole year 2013, 1.2% for 2014 and 1.9% for 2015. Respective forecasts of Eurostat (Autumn 2013) are: -0.6% (2013), 0.6% (2014) and 1.6% (2015).

The driver of the decline of the economy since mid-2011 has been the decreasing export. The demand from the Eurozone has been weak for years due to financial crisis but the export has slowed down also to Russia and declined to Asia since year 2011. Low demand is not the only reason for decline. It has been supplemented by the effects of weakening international price competitiveness and structural change in pulp and paper industry, machinery industry and

<sup>1</sup> September 16, 2013.

communication and electronics (Nokia cluster). The growth of domestic consumption (both private and public) has also slowed down and the volume of investment has fallen since 2011.

While budget deficit and public debt have remained below the Eurozone average, the budget balance has been negative since 2009 and the public debt relative to GDP has continued to increase. The Government has continued to cut public expenditure, among others grants to municipalities for local public services. There have not been significant cuts in social benefits so far. However, the Government has also decided of measures aiming at activating the economy, like lowering the corporate tax rate to 20% in 2014 from the present 24.5% and increasing the public funds for supporting the growth of SMEs.

In spite of the decline of GDP in 2012 employment rate<sup>2</sup> rose to 69.4% and unemployment rate declined slightly to 7.7% in 2012. However, the trends turned in the first half of 2013 and the unemployment rate increased by 0.7 percentage points. Youth (15-24 years) unemployment rate declined to 19% in 2012 from 20.1% in 2011 but there was an increase of 1.6 percentage points in Q1-2/2012 from the previous year. There have been major large-scale lay-offs and job cuts since mid-2012 in the paper industry, ship-building, machinery and communication and electronics.

### **Recent regional developments**

According to the regional GDP per capita figures till 2010 (Annex Figure A) the relative position (compared with national average) of Helsinki-Uusimaa and Eastern Finland increased from 2006 to 2010 while the position of the Southern Finland outside Helsinki-Uusimaa and Northern Finland decreased. The poor development in Southern Finland was based on several plant closures while Northern Finland suffered from cuts of the Nokia cluster in Oulu region.

The recession since mid-2011 has had rather similar effects in all major regions<sup>3</sup> while there are significant differences between sub-regions. There is no clear pattern in the regional developments during the last two years. According to the statistics of the turnover of enterprises in 2011 and initial data from Q1-3/2012 there are only minor differences between the major regions in business performance from 2010 to 2012. The most disadvantaged region, Eastern Finland, has performed slightly better than other regions. This is mainly because the industries affected most by structural changes are basically not located in Eastern Finland. However, there are differences between sub-regions. For example, in Northern Finland there has been a boom in tourist and mining regions of Lapland at the same time when Oulu region has suffered. In South-Eastern Finland Etelä-Karjala region has grown through the recession because of the rapid increase of short-term shopping tourism from St Petersburg while the neighbouring region Kymenlaakso suffers from the consequences of several plant closures of forest industry.

Population growth (Annex Figure B and C) has further accelerated in Helsinki-Uusimaa due to increased immigration. The population loss in Eastern Finland has diminished continuously until year 2011 and in the other major regions a modest increase has continued. Immigration

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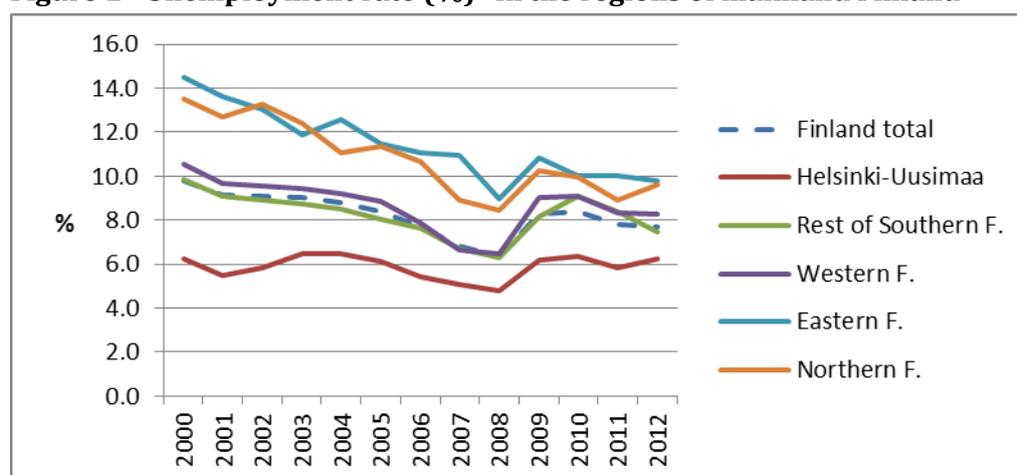
<sup>2</sup> Population 15-64 years.

<sup>3</sup> Major region refers to the regional division used in this section which does not exactly correspond to the NUTS 2 division.

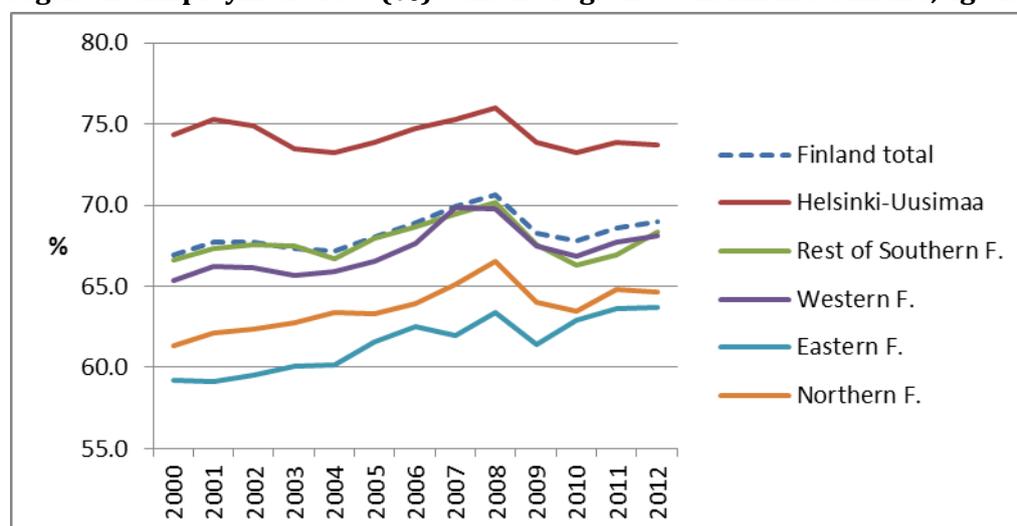
has influenced positively population developments in all major regions but especially in urban areas.

The regional unemployment (Figure 1) and employment rates (Figure 2) have converged over time while significant differences are still left. The declining trend of unemployment rate continued in 2012 in Eastern Finland (highest unemployment rate) as well as in Western and Southern Finland while in Helsinki-Uusimaa (lowest rate) it has been at the same level since 2009. The convergence has partly been caused by demographic factors since especially in Eastern Finland working-age population has declined<sup>4</sup> while in Uusimaa-Helsinki it has grown because of immigration.

**Figure 1 - Unemployment rate (%)\* in the regions of mainland Finland**



**Figure 2 - Employment rate (%)\*\* in the regions of mainland Finland, age 15-64 years**



(\*)(\*\*)Source: Statistics Finland, Labour Force Survey.

<sup>4</sup> Many older age unemployed belonging to the big generations born after World War II have retired.

## 2. The regional development policy pursued, the EU contribution to this and policy achievements over the period

### The regional development policy pursued

Main points from the previous country report:

- Main priorities of regional development policy can be summarised in the form of three general policy guidelines<sup>5</sup>:
  1. Strengthening the competitiveness and vitality of regions.
  2. Promoting the welfare of the population.
  3. Securing a good living environment and a sustainable regional structure.
- According to the targets, national regional development is complemented and supported by the EU regional and structural policy and rural development policy. It must be noted that while in the strategy the EU policy is interpreted as a complement for national regional policy, in fact, in terms of resource allocation and management structures EU's structural funds constitute the basis for regional policy in Finland.
- Finland has been allocated EUR 1,596 million under the Competitiveness and Employment objective of which the share of ERDF is EUR 977 million for the period. There are five regional ERDF programmes, one for each NUTS 2 region<sup>6</sup>. The main priorities in the four regional ERDF programmes of mainland Finland are:
  1. support to enterprises (to SMEs: grants for investment and business development, subsidised loans, guarantees and venture capital; to other organisations: grants for business environment development)
  2. promoting innovation, networking and strengthening knowledge structures (grants for enterprise environment and other regional development projects)
  3. regional accessibility and the environment (grants for local and regional development projects).
  - In addition there are two special priorities:
    4. a priority for major urban regions in Southern and Western Finland (grants for urban development projects in major cities, not Helsinki)
    5. a priority for thematic cooperation between regions within the Operational Programme (OP) area in Southern Finland, supporting selected core industrial clusters, innovation and learning environments, international attractiveness and innovativeness in welfare services (grants for business environment development in core industries)
- In Åland ERDF funding is used for one priority only, entrepreneurship and innovation (to SMEs: grants for investment and business development, subsidised loans, guarantees

<sup>5</sup> The Government's decision on national regional development targets for the period 2011–2015 (15 December 2011).

<sup>6</sup> According to the NUTS2 division until the end of 2012. NUTS2 division was changed in the beginning of year 2013: Helsinki-Uusimaa was separated from Southern Finland while Eastern and Northern Finland were merged to Northern and Eastern Finland; the number of NUTS2 regions remained the same (5).

and venture capital; to other organisations: grants for business environment and local development).

- Finland participates in six programmes under the Territorial Cooperation Objective and is responsible for the administration of the Central Baltic Interreg IVA programme. The programme provides grants for a wide range of cross-border development projects.

## **Developments since the 2012 report**

### **Financial Engineering Instruments**

The role of Financial Engineering Instruments (FEIs) in ERDF programmes<sup>7</sup> in Finland is rather limited. There are two forms of FEI in use in the present programming period: (1) subsidised loans and guarantees to SMEs, and (2) provision of venture capital for seed and start-up stages for innovative SMEs. Both forms of FEI are organised and administered by Finnvera, a specialised financing company owned by the State of Finland. The share of finance for FEI (subsidised loan and guarantee support and venture capital) is 5.1% of total ERDF commitments (end 2012). The share of new jobs and new enterprises created by FEIs receiving support from the ERDF, loans and guarantees in particular, is much higher. In all the regions the demand for FEI finance weakened due to the economic recession.

### **Changes in programmes**

There were no formal changes in any of the ERDF programmes in Finland or in the Central Baltic Interreg IVA programme in 2012. However, the programmes had to adapt to the Government's decision made in 2011 to cut state finance for ERDF programmes by EUR 30 million in 2012 and 2013. The aim was to complement the declining state finance by increasing the share of municipalities, respectively. In the Annual Implementation Reports (AIRs) 2011 regional authorities anticipated problems with respect to the increase of municipal finance due to tightening local public economy but according to the AIRs 2012 there seems not have been major problems. The co-financing rate of EU has not been changed in any of the programmes.

It has been noted in the AIRs that the demand for direct grants to SMEs has declined due to the recession. Poor economic development has made SMEs more careful and diminished the need for investments and other development projects to increase capacity and to modernize production. In addition, the tightened requirements concerning guarantees for loans from banks and other financial institutions together with increased margin costs of banks have made it more difficult to get the own finance required for investments. In 2011 there was a shift of EUR 21.6 million from the priority 'Support to enterprises' to the other two priorities in Eastern Finland, 'Promoting innovation, networking and strengthening knowledge structures', and 'Regional accessibility and the environment'. It was noted in the AIR 2012 that the problem continued in 2012, especially in Eastern Finland, but no change in the allocation frame was made.

### **Changes in abrupt structural change areas**

Several regions in Finland have faced sudden shocks due to closure of manufacturing plants and other establishments. The Government can nominate a region as an 'abrupt' structural change

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<sup>7</sup> The role of FEIs in the next programme period is dealt with in section 5.

area being entitled for a support package for a certain period, typically 3-5 years. Regional ERDF programmes include a reserve of about 5% for support to these regions. In 2013 EUR 11.2 million has been reserved for this purpose of which EUR 6.9 million comes from the ERDF. There are 8 regions with the status of abrupt structural change in September 2013 of which four regions were given the status since the beginning of 2012. Three of the newest ones are small manufacturing regions in Southern Finland while the fourth is the Oulu region (Northern Finland) where the Nokia cluster has cut thousands of jobs. Of all the ERDF finance, 34% is allocated to Northern Finland, 29% to Eastern Finland, 20% to Western Finland and 17% to Southern Finland.

In addition, a special support package (not including ERDF finance) has been provided for regions where garrisons are closed in 2013 and 2014 due to the by the Government's decision to cut military expenditure.

### **Changes in national regional policy**

There are several initiatives concerning regional policy in the Government's programme in 2011, among others a better coordination of the national regional policy with EU's programmes. Parallel with preparing the new ERDF and ESF programmes the reforms in the national policy have proceeded. The main points of these reforms coming into effect in 2014 are reported in Section 5.

### **Policy implementation**

Main points from the previous country report:

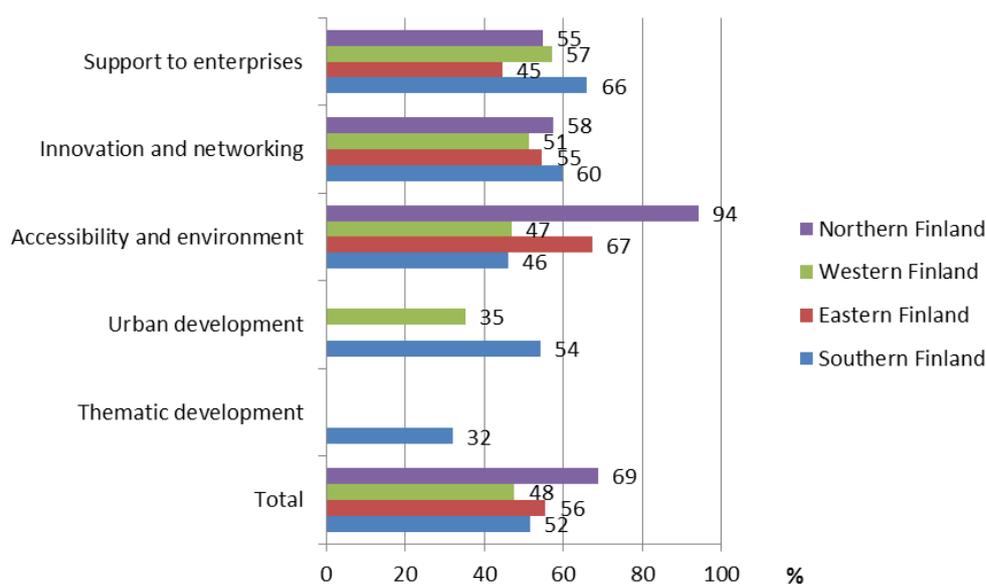
- In all regions the implementation of the programmes has progressed in line with the plan in spite of the economic recession: the implementation rates are by end 2011 in Northern Finland 46% (by end 2010, 28%), Eastern Finland 38% (by end 2010, 26%), Western Finland 35% (by end 2010, 22%) and Southern Finland 34% (by end 2010, 20%).
- The expectation is that all programmes will be realized in full in terms of implementation (by end 2010 Finland total 24% and 2011 38%).
- Projects have had difficulties to have private funding from private companies during the economic recession – this is the most affected by the priority “support to enterprises”.
- Especially in Eastern Finland the priority “support to enterprises” is lagging far behind other priorities: Implementation rate is the priority “support to enterprises” by end 2011, 32% (by end 2010, 21%), the priority “innovation and networking” 39% (by end 2010, 26%) and “accessibility and environment” 50% (by end 2010, 37%). Commitment rate is the priority “support to enterprises” by end 2011 61, (by end 2010, 46%), the priority “innovation and networking” 68% (by end 2010, 58%) and “accessibility and environment” 85% (by end 2012, 77%).

### Developments since the 2012 report

Overall, Northern Finland has progressed fastest both in terms of implementation and commitment rates<sup>8</sup>. There is a lot of variation between the implementation rates in different regions (Figure 3). The priority “accessibility and environment” in Northern Finland has progressed fastest with an implementation rate of 94% by the end of 2012. The worst performing priorities in terms of implementation are “thematic development”<sup>9</sup> in Southern Finland (32%) and “urban development” in Western Finland (35%). Slow priorities are also “support to enterprises” in Eastern Finland (44%) and “accessibility and environment” both in Southern Finland (46%) and Western Finland (47%).

The commitment rate (Figure 4) in Southern Finland was highest for the priority “urban development” (98%) and in other programme regions the rate was highest for the priority “accessibility and environment” (Western Finland 86%, Eastern Finland 98%, Northern Finland 120%). The commitment rate was lowest in Southern Finland for the priority “thematic development” (79%), in Western Finland for the priority “urban development” (75%) and in Eastern and Northern Finland for the priority “support to enterprises” (Eastern Finland 74%, Northern Finland 85%).

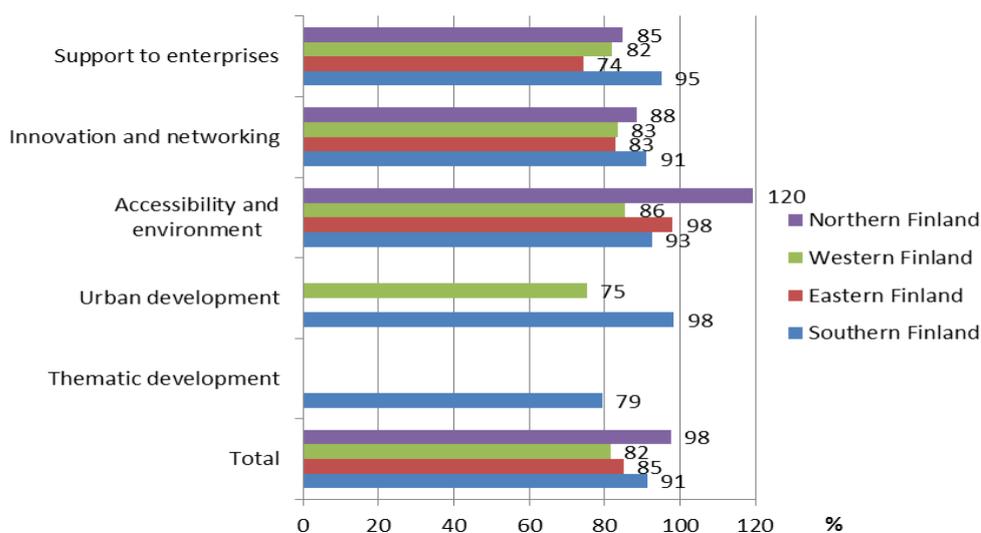
**Figure 3 - Implementation rate (%) by region and priority 31.12.2012**



Source of data: The Ministry of Employment and the Economy.

<sup>8</sup> Northern Finland implementation rate 69% and commitment rate 98% by end 2012.

<sup>9</sup> The priority is focused on selected industries and clusters (e.g. environmental technology, intelligent machines and maritime cluster) in the large cross-regional project coalitions.

**Figure 4 - Commitment rate (%) by region and priority 31.12.2012**

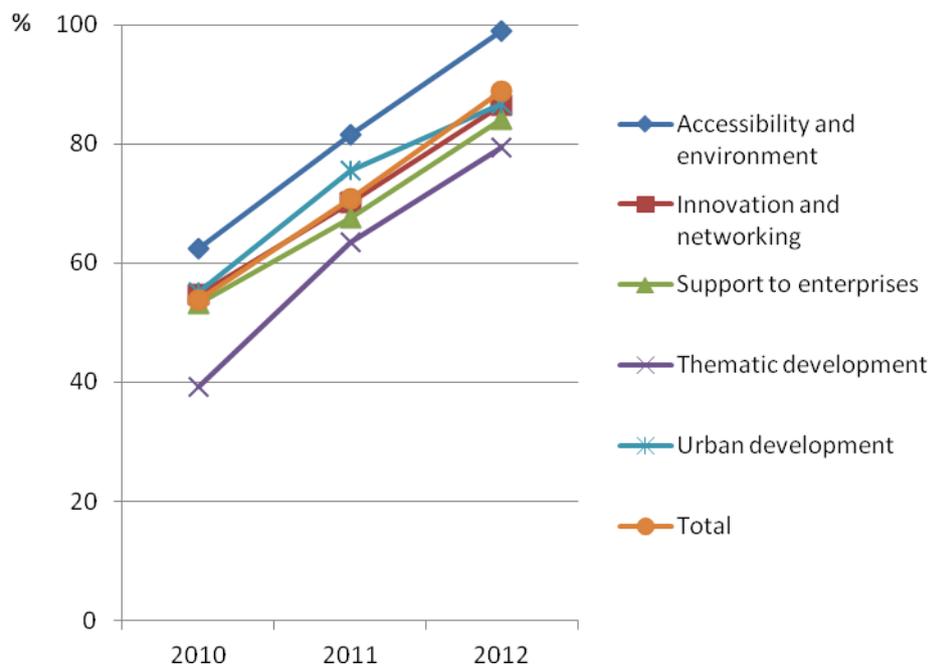
Source of data: Employment and Economic Development Department.

The implementation rates accelerated slightly in all priorities from 2011 to 2012 (bottom side of Figure 5) while the commitment rates increased at the same speed or slightly slower (top side of Figure 5). However, there have not been any special initiatives to speed up the implementation while particular attention has been paid in the regions to take care of the progress.

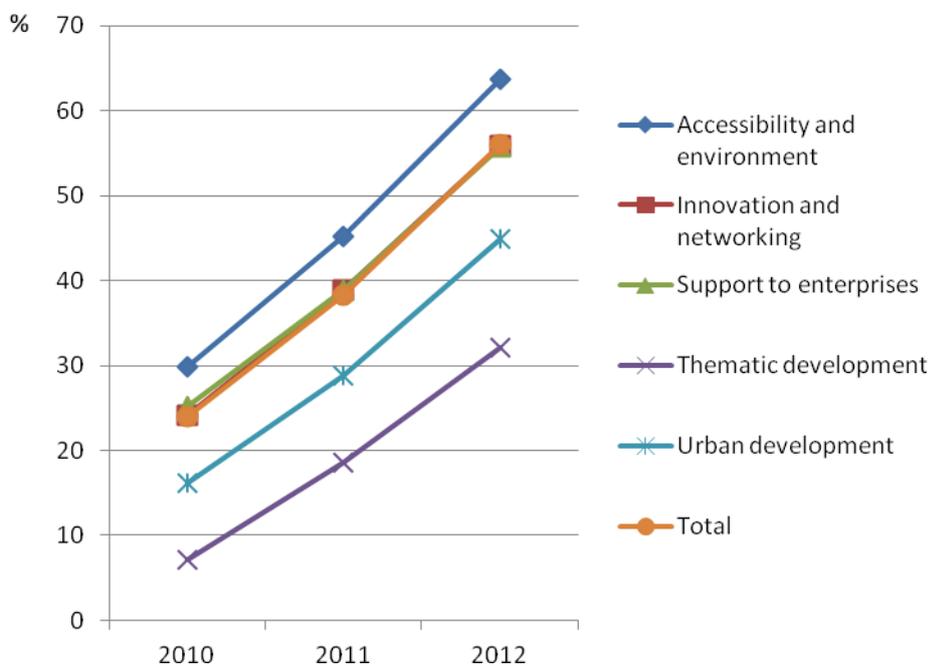
The national level implementation rate was 56% and commitment rate 87% at the end of 2012. According to the latest steering data the implementation rate increased to 70% and commitment rate to 99% by 22<sup>nd</sup> of November, 2013. The managers of regional programme coordinators of continental Finland as well as the specialist responsible for steering in the coordinating Ministry agree that with a high probability all regional programmes will reach the full (100%) implementation rate by the closure of the programmes.

**Figure 5 - The progress (% of total) of the priorities in Finland progress<sup>10</sup> 31.12.2010-31.12.2012**

### Commitment rate



### Implementation rate



**In Southern Finland** the economic recession which started in the autumn of 2008 affected ERDF programmes so that the number of application decreased in 2009-2010, which also affect

<sup>10</sup> Source of data: Employment and Economic Development Department.

to a slowdown the commitment rate. In particular this was reflected in the priorities “support to enterprises” and “thematic development”. In priority “support to enterprises” the willingness of enterprises to invest collapsed in the autumn of 2008. In spite of the recovery, application numbers have not reached the pre-recession level in 2012. In the priority “thematic development”<sup>11</sup> the applicants encountered difficulties in access to funding from municipalities and from other public or private source. Still, in 2011 the number of applications recovered and in autumn 2012 a record number of applications were received. Share of private funding has reached good level in the priority “support to enterprises” but in the other priorities private funding target level cannot be reached<sup>12</sup>. This is partly due to the recession, which has substantially reduced enterprises possibility to participate in the financing of the projects. (See Annex Figure D)

**In Western Finland** the programme has progressed slower than in the other regions in terms of both commitments and implementation. The economic uncertainty has slowed down the investments of enterprises. The cut of the state grants to municipalities were expected to affect especially the implementation of the priority “support to enterprises” but these fears did not come true. Finally this priority has progressed best of all priorities in Western Finland by 2012. The municipalities' share of the public funding in the commitment rate is 23.2%, which exceeds the target (20.7%). The effects of the municipalities' financial problems are most evident in the priority “urban development” in which the implementation started late but the lag has continued all the time. This is the priority mostly based on the projects and finance of the municipalities. (See Annex Figure E)

**In Eastern Finland** the Monitoring Committee decided in 2011 to shift EUR 21.6 million from the priority “support to enterprises” to the priority “innovation and networking” (EUR 10 million) and “accessibility and environment” (EUR 11.6 million). The added funding has been used in particular for the priority “accessibility and environment” for developing enterprise environment. The high demand in this priority can be seen in the commitment rate nearly reaching 100%. The decreased frame after the shift away from “support to enterprises” helped to increase commitment and implementation rates but nonetheless the priority is lagging behind other priorities. In the regions of Southern and Northern Savo the priority has not been realized as expected and these regions are currently preparing big investment projects. If these come true, it is likely that the programme will implemented in full. It is also possible that a same kind of programme change as in 2011 will be made during the year 2013. (See Annex Figure F)

**In Northern Finland** municipalities in the region have participated in the implementation of the programme clearly more than expected.

Due to this the amount of funding (in the commitment rate as well as the implementation rate) has risen significantly. Implementation of the programme was focused from the beginning on the priority “accessibility and environment” and it is clearly visible as well as to the commitment rate and to the implementation rate. The priority is focused mainly on the

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<sup>11</sup> The priority is developed in the area of excellence (e.g. environmental technology, intelligent machines and maritime cluster) in the vast cross-regional project coalitions.

<sup>12</sup> Commitment rate are in the priority “support to enterprises” 69%, in the priority “innovation and networking” 12%, in the priority “accessibility and environment” 23%, in the priority “urban development” 23% and in the priority “thematic development” 31%.

development of tourism (29% of priority commitment rate) and transport infrastructure improvements (24% of priority commitment rate). (See Annex Figure G)

**In Åland** the public financial framework for the programme amounts to more than EUR 6 million. So far, about 70% (50% in 2011, 34% in 2010) the financial framework for the programme is bound. In 2012 eighteen new projects have received programme funding. The programme is narrowly focused but implementation rate has significantly been improved in 2012. Demand for programme funding has increased in the year 2012 in comparison to previous years and are now at a satisfactory level and the budget available for the period 2007-2012 (EUR 4.6 million) is bound.

**In Central Baltic Interreg IVA Programme** has in 2012 been moving to a new phase. The programme has allocated all its funding. The number of implemented projects is peaking and the number of completed projects is increasing constantly. The programme has, thus, been successful when it comes to allocating the resources. The challenges of the earlier years when it came to allocating funds in all priorities or sub-programmes have been overcome on time as the programme has become more known in the region. All priorities<sup>13</sup> have committed their funds – all priorities have even overcommitted the funds. Over-commitment was allowed by the Monitoring Committee with the presumption that considerable amounts of funding will return from the projects. Thus the programme has aimed to use its funds fully and in a controlled manner by committing the funds to complete projects in good time rather than try to find use for smaller amounts of money at the late stages of the programme period.

### Achievements of the programmes so far

Main finding from the previous country report:

- The evaluation of **support to enterprises**<sup>14</sup> noted that:
  - The rates of support vary between regions, support being highest in the most disadvantaged regions.
  - In all regions the majority of support is allocated to industrial SMEs, which are typically metal, machinery and wood producing firms, to tourism (especially in Northern and Eastern Finland) and to business service SMEs.
  - The biggest impact of support is on improving competitiveness and productivity.
  - The majority of development measures funded from support for investment and R&D would have been undertaken in some form without ERDF funding. Deadweight was found to be larger in Southern and Western Finland than in the Eastern and Northern regions where rates of support are higher and the possibilities of obtaining alternative financing more limited.
- According to the interim report<sup>15</sup> of the evaluation of **support to enterprises**, the support has had especially positive effects on the operation of start-ups and enterprises seeking to expand internationally.

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<sup>13</sup> Priority 1 "safe and healthy environment"; Priority 2 "economically competitive and innovative region; Priority 3 "attractive and dynamic societies".

<sup>14</sup> Karjalainen et al. 2011.

<sup>15</sup> Pekkala et al. 2012.

- For start-ups the most significant effect of the support is to accelerate the initial phase of business creation. According to the evaluators, the achievement of stimulating effects of this kind is the most important function of business assistance.
- The support system has also been successful in reaching enterprises that are actively seeking to expand their business in international markets. According to the evaluators, support has made it possible to intensify and create a better basis for firms to launch internationalisation initiatives.
- According to the evaluation of **support to innovation, networking and strengthening knowledge systems**<sup>16</sup>:
  - Funding stimulated cooperation between different organisations especially well and so programmes were considered to have made a valuable contribution to the emergence and maintenance of collaborative networks.
  - Although the impact of funding was assessed to be very positive for the emergence of knowledge and cooperation networks, project managers and others responsible for the projects noted that more attention should be paid to the commercialisation of research results and to the generation of businesses making use of high skills.
- The evaluation of support for **regional accessibility and environment**<sup>17</sup> found that:
  - Aims relating to environmental risk management and biodiversity were being best achieved, though, these were not priorities. Tourist-related development aims were also being achieved relatively well as compared with other targets.
  - The development objective for welfare services seemed to be particularly challenging and limited progress had been made despite its perceived significance for improving the quality of the business environment.
  - In Eastern and Northern Finland, the emphasis both in the allocation of resources and in the programme priorities is on the transport system (especially the rail network in Eastern Finland), energy infrastructure, the information society and tourism. In Southern and Western Finland, there is more weight given to environmental protection, cultural activities and, especially in the Southern region, rural-urban relations.
- The evaluation of the cross-cutting themes of equal opportunities, environmental impacts and sustainable development<sup>18</sup> showed that:
  - Themes are often perceived from a very narrow perspective: sustainable development is associated with environmental issues and equal opportunities with gender issues.
  - The assessment of environmental impacts often lacked the necessary expertise and monitoring indicators do not make it possible to verify such impacts.

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<sup>16</sup> Ahvenharju et al. 2011.

<sup>17</sup> Terävä et al. 2011.

<sup>18</sup> Vaahtera et al. 2011.

- Incentives encouraging the realisation of projects with positive environmental effects come from outside the ERDF programmes. However, current procedures are successful in filtering-out projects which could have significantly negative environmental impacts.

## **Developments since the 2012 report**

### **Findings of recent evaluation reports**

The ongoing evaluation of the support<sup>19</sup> to **innovation, networking and strengthening knowledge systems** is based on the analysis of the final reports of project activities. The analysis enables to draw conclusions which can help the programme managers to direct funding. However, the analysis shows that it is challenging to assess impacts of project activities on the basis of the final reports of projects. The interpretation of indicator data (the number of new jobs and the number of enterprises participating in the projects) seem to differ by project and by region. Final reports differ from each other and the reported issues are not connected to the reported indicator data.

According to the analysis, two distinct groups can be found among the projects carried out. Many projects act as investments in regional knowledge and research systems. Other significant group of projects act in direct cooperation with enterprises. This group is distinct in the monitoring system, for enterprise contacts allow them to fulfil the set target level of the indicator of project participants, while projects investing in knowledge and research systems act as long-term capacity building of the region. The effects of these investments show more indirectly and in a longer period of time. According to the evaluators, different systems should be developed to evaluate these two groups of projects. The significance of the projects supporting regional knowledge and research systems depends on how projects manage together to create and develop successful business clusters. Respectively, the significance of the projects working directly with enterprises is based on the perceived benefits of the enterprises taking part in the projects. This encourages projects to collect customer feedback and use it as part of the final report.

The evaluators conclude that there is a need to develop the connection between reporting about project activities and the information registered in the monitoring system. Project partners should be instructed more specifically on writing the final reports and the form of the final reports should be consistent with each other. The steering system should include project-specific monitoring in accordance with the differing activities of projects. The evaluators also note that the regional significance of the support can be investigated through specific studies focusing on specific questions and regionally relevant themes.

**The Central Baltic Interreg IVA Programme 2007–2013** is aimed at increasing co-operation across the borders of the Central Baltic Sea region. The overall conclusion of the evaluation of the programme is that the programme will succeed.<sup>20</sup>

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<sup>19</sup> Ramboll Management Consulting 2013.

<sup>20</sup> Evaluation of the Central Baltic Interreg IVA Programme 2007-2013.

### Comments on the indicators<sup>21</sup>

As noted in previous reports, the picture of progress with respect to new enterprises and new jobs depends on whether projected achievements of projects based on subsidized loans for SMEs, managed by Finnvera<sup>22</sup>, are included in or excluded from the figures. Finnvera's steering system includes only projected achievements even for completed projects<sup>23</sup>.

Though in practice enterprises have often also received other EU or national support in the start-up or growth phase of the enterprise in addition to Finnvera support, jobs and enterprises created tend to be realised in concrete terms once the Finnvera loans or guarantees are received. A large part of the enterprises and jobs created are therefore recorded by Finnvera's steering system, although in practice the process is also directly or indirectly supported by other measures. The targets for new enterprises and new jobs include Finnvera projects. In the following the outcomes on the number of new jobs are presented both with and without planned figures, but the outcomes on the number of new enterprises include also Finnvera figures. This decision is based on the view of the Ministry of Employment and the Economy that unlike the number of new jobs, the number of new enterprises supported by Finnvera has been verified and can thus be counted as actual outcomes<sup>24</sup>.

### Main programme outcomes

**The target number of new enterprises<sup>25</sup>** to be created during the programming period 2007-2013 is 900 in Southern Finland, 1,500 in Northern Finland and 2,000 in Eastern and Western Finland<sup>26</sup>. The target is already achieved in Eastern and Northern Finland and almost fulfilled in Southern Finland. The realisation rate lags behind in Western Finland. The number of new enterprises with respect to the target (rate of creation) is quite high in total, 92% at end-2012 (84% end-2011). The target is already clearly exceeded in Northern Finland (from 102% of the target at end-2011 to 114% end-2012), while in Western Finland the rate of creation is 61% at the end of 2012 (58% end-2011).

In all regions the creation rates are lowest for the enterprise support priority. Realisation rates of the priority are essential in terms of achieving the target of the entire programme, because most part of the target is set for this priority in all regions. Therefore almost all new enterprises

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<sup>21</sup> Indicators can be classified into two main categories. First, there are those relating to the contribution of the ERDF to new jobs (and jobs for women), new enterprises (and enterprises run by women) and new R&D jobs. They are all closely linked to the main objectives of the programmes which concern employment and competitive business. Secondly, there are indicators which measure the share of resources allocated to projects promoting defined objectives: the Lisbon strategy, the Baltic Sea strategy, equal opportunities and environmentally friendliness. These indicators measure only the allocation and not the results of projects. The Central Baltic Interreg IVA programme has its own financial targets and monitoring system including numerous qualitative and quantitative indicators to be achieved by 2015. However, the indicator system of the programme has no indicators of impact.

<sup>22</sup> About Finnvera see the report on financial engineering (Laakso 2012).

<sup>23</sup> It is estimated that the planned figures are about 20% higher than those realised.

<sup>24</sup> The reporting of indicators has changed in this respect compared to the previous country report.

<sup>25</sup> The number of new enterprises and the share founded by women, the number of new jobs and the share going to women and the number of new R&D jobs are indicators related to the main policy area of enterprise support and RTDI.

<sup>26</sup> In 2010 the total number of enterprise establishments was 170,000 in Southern Finland, 39,000 in Northern Finland, 93,000 in Western Finland and 40,000 in Eastern Finland.

were expected to be generated through various forms of direct business projects. For this reason the indicator for new enterprises reacts sensitively to fluctuation of economic trends.

The programming period started amidst an economic boom and hence funding was directed to enterprise support. The financial crises starting in 2008 affected immediately investments in production for example in the metal and machinery sector, which is also one of the key sectors of the support for enterprises,<sup>27</sup> especially in Western Finland, where the realisation rates of the priority and the target level of the number of new enterprises are the lowest. The economic downturn showed as the postponement and even cancellation of business development projects. The target level of indicators won't be achieved in Western Finland unless there will be a change in the demand for business subsidies, which is not likely despite of moderate growth expectations.

The share of new enterprises run by women<sup>28</sup> is at 37% at end-2012, when it was 38% at end-2011. Targets vary slightly by region, from 38% in Southern and Northern, 39% in Eastern to 40% in Western Finland. The rate is highest in Western Finland, where it is 40%. The rates of realisation are 37% in Northern, 36% in Eastern and 34% in Southern Finland. Compared to the year before, rates declined slightly in Eastern (from 37% end-2011) and Southern Finland (36% end-2011), while in Northern and Western Finland it remained unchanged.

The target for the **number of new jobs created** is in total 38,200 of which 4,200 are in Southern, 9,800 in Western, 11,000 in Northern and 13,200 in Eastern Finland.<sup>29</sup>

The number of actual jobs created was 21,100 in total at end-2012, 55% of the target. This represents major progress from end-2011 when the rate of creation was 40%. In Eastern Finland, where the target was highest, the number of jobs created so far is 5,500, 41% of the target as compared with 32% at end-2011. The realisation rates were highest in Southern Finland, 85% at end 2012 (65% end-2011) and in Northern Finland, 75% (52% end-2011). The jobs created relative to the target was lowest in Western Finland, 39% at end-2012 (28% end-2011).<sup>30</sup>

The rates of creation of new jobs lag behind for the enterprise support priority in all regions, especially in Eastern and Western Finland. This is mainly due to the same reason as in the case of the number of new enterprises. Recruitments were postponed due to the economic downturn, which means that results of the development projects will show in the number of employees only several years after the projects.

**The share of new jobs created going to women** is still below the target set (38-40%) in all regions. According to programme managers this is because a disproportionate number of 'male-dominated' industrial firms have applied for, and obtained, enterprise support. Accordingly, the

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<sup>27</sup> According to the sectoral distribution of projects aiming at creating new enterprises the most common sectors of activity of start-ups are metal industry, business services and information technology.

<sup>28</sup> Women's shares are shares of the total number of realised enterprises/jobs.

<sup>29</sup> In 2010 the number of jobs was 1,239,000 in Southern Finland, 566,000 in Western Finland, 256,000 in Northern Finland and 249,000 in Eastern Finland.

<sup>30</sup> If the projected figures of Finnvera are included the rates of job creation are much higher. In Southern and Northern Finland the target is already clearly exceeded and is almost achieved in Eastern Finland. In Western Finland the creation rate is somewhat lower.

share of new jobs taken by women varied between 29% and 34% across the four regions<sup>31</sup>. There was no improvement with respect to the situation reported in the last year's country report.

The target for new **R&D jobs**<sup>32</sup> is 150 in Western Finland, 290 in Southern Finland, 800 in Eastern Finland and 1,000 in Northern Finland. The creation of new R&D jobs progressed well, and in total the target had been reached by end-2012. However, the target seems to be ambitious in Eastern Finland, where only 46% of the target had been reached by the end of 2012 (34% at the end of 2011). Significant progress was made in Northern Finland, where the target had almost been achieved at end-2012 (from 58% of the target by end-2011 to 92% by end-2012). The target has been greatly exceeded in Western Finland, where 547 new R&D jobs had been created by the end of 2012 against a target of only 150. The target has also been clearly exceeded in Southern Finland.

In the present programming period support to enterprises is no longer granted for investment alone but the activities supported must also contain to some extent R&D or other development activities. The greater emphasis on the promotion of knowledge, innovation and other business development is reflected in the core indicators. On the one hand, innovation and development activities have a more indirect effect on the competitiveness and employment of enterprises and the effects can be verified only with a delay. On the other hand, the focus of support to enterprises on innovation, R&D and other development activities shows that the number of R&D jobs has increased faster than expected, especially in Southern and in Western Finland. The target for new R&D jobs has already been achieved and greatly exceeded in both regions.

The share of expenditure going to projects supporting the **Lisbon strategy** has increased steadily in all regions as programmes have proceeded. The realisation rates for such projects lag behind the target in Eastern and Southern Finland, while rates are around the target level in Western and Northern Finland, where special attention has been paid to the matter among the programme authorities. In Eastern and Southern Finland coordinators have also taken better account of the issue, but according to the annual reports of the programmes the commitment of funds have increased most in the accessibility and environment priority, which has less projects related to the strategy. If projects supporting tourism would be categorised as supporting the Lisbon strategy, rates of expenditure going to projects supporting the strategy would increase essentially. The target for the share of ERDF funding allocated **to environmentally-friendly** projects has been clearly exceeded in all regions, while the allocation of resources for projects promoting **equal opportunities** was on target in all the regions at the end of 2012.<sup>33</sup>

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<sup>31</sup> Including projected figures does not essentially change the picture.

<sup>32</sup> The indicator of R&D jobs is based only on actual achievements of completed projects.

<sup>33</sup> The rate for projects supporting the Lisbon strategy is an indicator related to the main policy area of enterprise support and RTDI, the share of funding allocated to environmentally-friendly projects is related to environmental policy and the allocation of resources for projects supporting equal opportunities is related to the main policy area of human resources.

**Table 2 - Main physical indicators and achievements in the ERDF of mainland Finland<sup>34</sup>**

Policy area	Main indicators	Outcomes and results at the end of 2012	Progress from end-2011
Enterprise support and RTDI	The number of new jobs and the share going to women; The number of new enterprises and the share founded by women; The number of new R&D jobs.	21,100 new jobs created (55% of the target for the whole period); Women's share of new jobs was 32%; 5,900 new enterprises founded (92% of the target); 37% of new enterprises founded by women; 2,300 new R&D jobs created (102% of the target).	5,637 new jobs created, of which 1,661 going to women. 479 new enterprises, of which 126 founded by women. 669 new R&D jobs created, of which 143 going to women.

### Central Baltic Interreg IV A programme

The Central Baltic Interreg IVA programme<sup>35</sup> has progressed according to plan. The programme has overcommitted all of its funding by the end of 2012. To ensure as high a spending rate as possible, the Monitoring Committee allowed an over-commitment of programme funds of up to 10% to counteract the money likely to be unspent on projects. The level of over-commitment started to decrease in 2012 as funding started to return from finalised projects and this trend is expected to continue in 2013.

The programme has numerous output indicators, which for the most part have already been achieved, indicating that the targets were set too low. It is hard to assess the impacts of the programme since the indicator system lacks impact indicators, but according to the annual report of the programme the targets have been either well fulfilled or on a good way to being fulfilled.

## 3. Effects of intervention

Main points from the previous country report:

- ERDF programmes have specified targets for regional development indicators (defined in OP reports, 2007). Some of the indicators, like number of jobs, number of enterprises, R&D expenditure, employment and unemployment in the region, are such that ERDF support can contribute directly to them. A part of indicators, like GDP and GDP growth are indirectly linked with ERDF actions while, for example, the education level is quite far from ERDF support.
- In Eastern and Northern Finland the development in both regions has been positive according to all regional development indicators from 2005 to 2011, despite the drawbacks caused by the recession in 2009. However, in Western and Southern Finland the development with respect to most indicators has been slower than expected when the targets were set.
- An indicative calculation of the new jobs created by ERDF support was made in 2011 country report and updated for this 2012 report. The calculation is based on verified

<sup>34</sup> The number of jobs is actual achievements of completed projects. The number of enterprises includes projected figures.

<sup>35</sup> The main policy area of the programme is territorial development.

steering indicators, and estimated deadweight and indirect multiplier effects have been taken into account. According to the result, the average annual net increase of jobs from ERDF support is 0.6% of the total number of people employed in Eastern Finland and 0.5% in Northern Finland though 0.2% in Western Finland and 0.1% in Southern Finland over the period 2007-2011.

- The experts of regional development and policy stress that in Finland the serious scientific research on the effects of Cohesion policy is still to be undertaken.

## **Developments since the 2012 report**

### **Research on the effects of the ERDF support to regional developments**

While there has not been systematic research on the effects of the ERDF interventions on the regional developments as a whole partial analysis on certain topics have been carried out. Several studies have been published on one aspect of the support, the effect of direct subsidies to SMEs on business development at firm level (results of some recent studies are summarised in section 4). The results are important from the point of view of the ERDF programmes because direct support to enterprises consists of about 40% of all funding. The studies show that all types of direct support to enterprises seem to have a positive effect on firm level employment. R&D support may have positive effects on the productivity but there is no evidence of the positive effect of investment grants or other support types on productivity. However, the firm level studies do not consider the potential effects of support on competition between firms. According to an interviewed expert<sup>36</sup> direct support to one firm has always an impact to other firms. A part of the growth caused by support to one firm comes from other firms, at least when considered at national or EU level. Negative competition effects are most evident in the case when supported firms do business in local or regional markets. Instead, when support is granted for exporting firms and SMEs participating to export networks (or for SMEs in “disadvantaged” regions exporting to “advantaged” regions) substitution effects at regional level are likely to be small but may be significant at national or EU level.

Another issue not covered in firm level studies is whether the positive effects in one firm cause positive externalities which benefit other firms (spillover effects), e.g. innovations created by R&D support being utilized by other firms. According to the innovation literature (e.g. Audretsch and Feldman, 2004) and an expert interview positive externalities are most probable in the case of R&D support but unlike in the case of support to physical investments.

The positive effect of the support on employment is good news because increasing employment in the disadvantaged regions is one of the main objectives of the programmes. An interesting issue is the relation between the reported figures of new jobs created in ERDF programmes (Section 2) and the realised aggregate long run employment effects of the supported firm level projects. According to the report on the use of job creation as an indicator of outcomes in ERDF programmes (Laakso 2013) new jobs in the monitoring system are gross sums of project level figures submitted by the projects and verified by the administrators. However, net job creation depends on several factors: deadweight rate of the projects affects the net increase of new jobs. Another factor is the real duration of the jobs created by the projects. This is also related with

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<sup>36</sup> An economist specialised on the effects of enterprise subsidies.

the lifetime of new enterprises founded while a part of new jobs are created together with new firms. A third factor is displacement or substitution effects causing that a part of the increase in jobs may be overridden by the decrease elsewhere. Still, it would be realistic to produce net effect calculations of job creation based on indicator data and evidence based assumptions of the effects of various factors.

However, improving the competitiveness of SMEs is also a priority in regional policy and ERDF intervention but there is no evidence of the effects of non-R&D support on productivity. It must be noted that several evaluations (based on interviews of supported enterprises) have reported a conflicting result, an increase in competitiveness and productivity due to direct support to SMEs. Some researchers (e.g. Ottaviano et.al 2009) have concluded that direct support to SMEs may lead to increasing share of less productive firms in the disadvantaged regions. There is need for additional research on the mechanisms and effects of the support on productivity both at firm level and at regional level.

The importance of the well-functioning transport system for the competitiveness of regions has been demonstrated in many studies<sup>37</sup>. The disadvantaged position of large areas of Eastern and Northern Finland is partly based on long distances and poor accessibility to main economic centres. However, the share of transport is only 6% of the funding of ERDF. Transport investments in ERDF are mainly limited to projects opening bottle-necks in the transport network, not for constructing for example new highways. There are no research studies on the effects of particular transport projects financed by ERDF on regional developments. However, according to the regional specialists interviewed the finished projects have mainly been implemented well and they have reached their objectives. Consequently, it can be expected that the projects have had a positive influence on regional developments, for example, by improving the preconditions of tourism in Northern Finland (several small scale road improvements in tourism regions of Lapland) or by fastening the railway connection from Northern Karelia in Eastern Finland to Helsinki and other cities in Southern Finland.

It can be concluded that additional research on the effects of the structural fund are needed especially in the following areas:

1. The impact of the support to the tourism industry in Northern and Eastern Finland. It would be especially important to analyse the joint effects of various forms of support to the tourism industry. This covers the direct support to hotel, catering and tourism service enterprises, to territorial development, transport, energy, as well as for the training of personnel.
2. The impact networking and clustering activities (organised mainly by regional business development organisations) on the business success and real cooperation structures of firms, and further the effect on regional developments.
3. The econometric modelling of the effects of the volume and distribution of the ESDF and ESF support on the variation of regional development indicators.

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<sup>37</sup> For example: Liikennepoliittinen selonteko (Transport Policy Report). 2012.

## 4. Evaluations and good practice in evaluation

Main points from the previous country report:

### Evaluation strategy of ERDF

- According to the evaluation plan for the period 2007-2013, the objective is to produce information for administrators and various partners connected with the programmes on the implementation, as well as on results and effects of interventions.
- Evaluations of ERDF are carried out during 2009-2013 as an integrated process covering all the four programmes of mainland Finland (Etelä-Suomi, Itä-Suomi, Länsi-Suomi and Pohjois-Suomi).
- The evaluation of mainland Finland is being carried out in two parts, the first one in 2009-2011 (completed in 2011), the second one in 2011-2013 (completed in 2013).
- The focus of the evaluations is on programmes' implementation while the effect on regional development or differences is covered only lightly.
- In addition, some thematic evaluations have been made or are being made in regions, mainly managed by the regional councils.
- The main results and recommendations of the completed and ongoing evaluations are considered at the meetings of steering committees and summarised in the AIRs.

The strategy of the present period differs from that of the previous one (2000-2006) when the focus was on comprehensive mid-term evaluations. The evaluation strategy has remained unchanged during the programme period. The evaluation strategy does not include a plan for an ex post evaluation.

### ERDF evaluations and selected other evaluations linked to regional policy

The actual evaluations of ERDF programmes in the present period consist of:

- Thematic evaluations 2009-2011 and 2011-2013 (all ERDF programmes of mainland Finland);
- Mid-term evaluation of Central Baltic Interreg IVA Programme 2007-2013 supplemented with follow-up reports.

In addition to the "official" programme evaluation above, there are thematic regional evaluations focused on single regions and often considering ERDF and ESF jointly, for example

- Evaluation of the EU programmes in Päijät-Häme region (2011);
- Evaluation of the projects supporting enterprise environment (support to networks, clusters and general preconditions for SMEs) in Satakunta region (in progress).

There are also evaluations of national development programmes and national policies which are closely linked to ERDF and regional policy, especially:

- Evaluation of the Finnish National Innovation System (2009);
- Evaluation of Finnvera (the official Export Credit Agency of Finland) responsible for FEI's (2012);
- Investigation on enterprise support to the Ministry of Labour and the Economy (2012).
- Evaluation of the Finnish Funding Agency for Technology and Innovation (Tekes)

**ERDF evaluations in the present period**

The evaluations of mainland Finland in 2009-2011 (separate report on each theme published in June 2011) consisted of four themes:

- Support to enterprises.
- Support to innovation and networking and transfer of knowledge.
- Support to accessibility and environment.
- Environmental effects and sustainable development.

Thematic seminars for regional stakeholders and administrators were organised during the projects in each programme region to discuss the results with the evaluators and provide feedback. Some of these seminars gave rise to discussion about the implementation of the programmes as well as the contents and role of the evaluations. For example in the seminar on accessibility and environment in Eastern Finland there was an intensive discussion on the importance and resource allocation of improvements in railways and how this topic was dealt with in the evaluation. In Northern Finland the big topic was the support to tourism and how it was dealt with in the evaluation: participants stressed the synergy of environment projects, transport improvements and direct support to the enterprises of tourist centres.

The evaluations have not led to changes in the allocation of funding but may have influenced practices (e.g. project selection) in the implementation of programmes. They may also have had an impact on the discussion of the priorities and strategy for the next programming period. There has been a summary of evaluation results and suggestions of evaluators in each AIR.

The second part of evaluation of the mainland Finland programmes started in 2011 and covers the period 2011-2013. It consists of three themes:

- Functionality of the administrative system;
- Role of the ERDF in entrepreneurship, networking and international competitiveness;
- Role of the ERDF in the development of regional knowledge environments; specifying indicators for expertise, innovation and networking activities.

**Table 3 - Recent evaluations and other studies on Cohesion Policy performance and linked themes**

Title and date of completion	Policy area and scope (*)	Main objectives and focus (*)	Main findings	Method used (*)	Full reference or link to publication
Evaluation of the Central Baltic Interreg IVA programme, a follow-up report (April, 2013)	Main scopes: 5 7. Territorial development	2. support monitoring and check the progress made in implementing programmes	Implementation has been successful in terms of number of projects and commitment of finance.  Programme strategy is too broad and all-encompassing with respect to resources.  Only few projects contain truly innovative actions.	4. Qualitative (mainly)	DeaBaltica. 2013. Evaluation of The Central Baltic Interreg IVA Programme 2007-2013. Second Follow-Up Evaluation Report.
An investigation of the effects of enterprise support (April 2012)  Note: policy evaluation (not ERDF programme evaluation)	2. Enterprise support and ICT	3. assess the outcome or effects of programmes in terms of the results achieved and their contribution to attaining socio-economic policy objectives.	According to criteria applied more than half of all direct enterprise support has only little effect or no effect at all. Less than half of the support has clear positive effects.	Based on several different studies using counterfactual of other quantitative methods.	Pietarinen M. 2012. Yritystukiselvitys (An investigation on enterprise support). Ministry of Labour and the Economy. Innovation 7/2012.
A study on R&D subsidies and company performance. Forthcoming in a scientific journal  Note: a scientific paper (not ERDF programme evaluation)	2. Enterprise support and ICT	3. assess the outcome or effects of programmes in terms of the results achieved and their contribution to attaining socio-economic policy objectives	There is evidence that R&D support has positive impacts on employment, turnover and R&D investment.	1. Counterfactual.	Einiö. E. 2013. R&D Subsidies and Company Performance: Evidence from Geographic Variation in Government Funding based on the ERDF Population Density Rule. Forthcoming in the Review of Economics and Statistics.
A study on the effects of the enterprise support to productivity growth (May 2013)  Note: a background study for policy evaluation (not ERDF	2. Enterprise support and ICT	3. assess the outcome or effects of programmes in terms of the results achieved and their contribution to attaining socio-economic policy objectives.	Direct enterprise support has no statistically significant impact on productivity. R&D support may have positive effects for industries due to externalities	1. Counterfactual.	Koski, H. & Maliranta, M. & Määttänen, N. & Pajarinen, M. 2013. Toimialojen tuottavuuden kasvu, sen yritystason mekanismit ja yritystuet (Productivity growth, its firm level mechanisms

Title and date of completion	Policy area and scope (*)	Main objectives and focus (*)	Main findings	Method used (*)	Full reference or link to publication
programme evaluation).			while otherwise direct support is useless from the point of view of productivity.		and enterprise supports). Ministry of Labour and the Economy. MEE Publications, Competitiveness 14/2013.

Note: (\*) Legend:

**Policy area and scope:** 1. RTDI; 2. Enterprise support and ICT; 3. Human Resources (ERDF only); 4. Transport; 5. Environment; 6. Energy; 7. Territorial development (urban areas, tourism, rural development, cultural heritage, health, public security, local development); 8. Capacity and institution building; 9. Multi-area (e.g. evaluations of programmes, mid-term evaluations); 10. Transversal aspects (e.g. gender or equal opportunities, sustainable development, employment)

**Main objective and focus:** 1. assess the arrangements and procedures for managing or administering programmes; 2. support monitoring, or check the progress made in implementing programmes, such as many mid-term evaluations; 3. assess the outcome or effects of programmes in terms of the results achieved and their contribution to attaining socio-economic policy objectives

**Method used:** 1. Counterfactual; 2. Cost-benefit analysis; 3. Other quantitative; 4. Qualitative.

### Results from the 2011–2013 evaluations

The initial results are based on interim reports from evaluation projects being completed by the end of 2013.

#### *Theme 1: Functionality of the administrative system*

In terms of management culture, the Finnish model is a mixture of a centralised and decentralised model; the Ministries and MA have major responsibility and importance while programme implementation is largely decentralised to local and regional authorities. As a rule, the project implementers were satisfied with cooperation between the different authorities.

Still, there is a lot of criticism about the effectiveness of information systems in view of materials submitted electronically and in printed form and the reliability or availability of the data. This critic varies from unsatisfactory details to general level frustration concerning the old-fashioned systems. Customers feel that the payment process is not reasonable. There are major differences between financing authorities in the making of payments because most authorities have designed the routines according to their own rules without coordination with other financing authorities. Management practices and procedures are not consistent in different ERDF programmes. Different practices are used at least in project selection (different criteria and scoring practices) and payments (negotiability of instalments, required vouchers, eligibility interpretations). However, in the opinion of the project applicants, the time required by management tasks connected with project application and implementation is relatively short.

In summary, considering the strong criticism towards the administration of EU programmes in the previous programming periods, results of the evaluation are relatively positive. It can be concluded that the administration system has been improved and both the programme authorities and customers have learned to cope with the system. For example, the customers are pleased with the consultative process where the administrators communicate with the applicants before or at the same time when the application is made and supplementing the

application afterwards is acceptable. This kind of flexibility has caused that both the authorities and customers have learned to cope with the system.

*Theme 2: Role of ERDF in entrepreneurship, networking and international competitiveness*

The objective was to analyse how direct development grants (for investment, R&D or other development processes) have influenced the behaviour of different types of SMEs. The analysis was based on 80 firm level interviews and detailed case studies of the population of over 4 000 projects. However, according to the evaluators they cannot guarantee the representativeness of interview data and for this reason there are limited possibilities of drawing general conclusions for all ERDF programmes. The final report has not been published and the results and conclusions below are preliminary:

- Development grants have had positive effects especially on business start-ups;
- Development grants lead to a faster business starting-up process;
- There have been significant positive effects on firms oriented to international growth, for example in supporting to study potential new market areas or opening sales or marketing channels.

*Theme 3: Role of ERDF in the development of regional knowledge environments; specifying indicators for expertise, innovation and networking activities*

The initial report of the evaluation consisted of three parts:

- Qualitative analysis of the final reports of completed projects on innovation and networking.
- Pilot project on the analysis of networking projects.
- Analysis of regional (NUTS 3 level) innovation and expertise profiles.

According to the analysis of the final projects' reports, there are significant differences between NUTS 3 regions even within the same programme regions (NUTS 2) with respect to thematic focus. This seems to reflect differences in industrial structure and variations between regions in the importance attached to regional strategies and plans.

The pilot study on the impact of networking and clustering projects found evidence of a relationship between participation in a networking project and business success. As an initial conclusion the networking projects seem to benefit those firms which are already well networked while for the majority of firms the additional value of the projects is limited. To be successful, a networking project should attract several well networked firms with a central position in an industry cluster. Thus networks' size also plays a role in the potential effects. The focus of projects on small regions, which is typical in present ERDF programmes, limits the possibility of developing successful networks.

### **Evaluation of the Central Baltic Interreg IVA Programme**

A mid-term evaluation was carried out and published in November 2010. The evaluation covers the programme's strategy and objectives, the relationship of the programme with the Baltic Sea strategy, the effects of the recession, the analysis of indicators, the administrative structures, project generation and programme communication. Two follow-up reports connected with the mid-term evaluation have been published: in 2012 and 2013.

According to the evaluations, the programme's implementation has been successful in terms of the number of projects, their feasibility and the commitment of finance. The evaluators note that the overall project quality has improved during the course of the programme but it is not clear what this conclusion is based on.

The evaluations point out that the programme strategy is too broad and all-encompassing with respect to resources. They also point out that there is inconsistency in interpretation of certain strategic definitions. In some priorities there are very few projects in spite of several calls for proposals. Consequently, some of the objectives will not be met. It has also been realized that very few projects contain truly innovative actions.

### **An example of regional thematic evaluations: case Päijät-Häme region**

The Regional Council of Päijät-Häme region (NUTS 3) made a thematic evaluation of the region's development in the 1995-2010 period and the implementation and results of EU programmes (ERDF since 2007). Päijät-Häme is part of the ERDF programme region of Southern Finland. The focus of the evaluation was on the success of the strategy based on three "peaks" and the effects of the ERDF on this. The three peaks consist of three areas of specialization of the region: (1) environmental business (clean-tech), (2) design (mainly industrial) and (3) practice-oriented innovation activities<sup>38</sup>. According to the evaluation, the region has benefitted significantly from ERDF support. One of the conclusions is that the development of the region would have been very different without EU resources. The ERDF has made it possible to support controlled structural changes in general and the three peaks strategy especially. However, it is not clear how this conclusion has been reached because the study does not contain any counterfactual analysis.

### **Evaluation of national innovation system**

This evaluation is not a part of ERDF evaluations but is closely linked due to the focus on innovation activities in the ERDF programmes. Public support to innovation has a high priority in the national strategy which aims at diversifying the country's economic basis and improving international competitiveness. An international expert panel, consisting of leading innovation researchers from Europe and USA, carried out and published an evaluation study on the Finnish national innovation system and the new strategy in 2009 (Ministry. of Employment and Economy, 2009). The evaluation pointed out that the new strategy is ambitious and has many good elements but at the same time it is vague. The main criticism concerns the problems of coordination and cooperation between the numerous actors involved in innovation policy both at national and regional level. A shift from the current technology and supply-side emphasis to demand orientation would be challenging and should be considered carefully. The fact that the Finnish system is less international than in many other countries and is falling further behind in this respect is alarming and needs reaction. The evaluation also criticizes the inefficiency of allocating public resources for innovation actions to relatively disadvantaged regions. The evidence shows that the relation between public R&D support and firm level productivity is rather complicated, and increased public R&D inputs do not automatically lead to positive effects in disadvantaged regions.

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<sup>38</sup> This refers to new innovative applications connected with every-day life or traditional manufacturing or services.

## **Evaluation of Finnvera**

Finnvera is the official Export Credit Agency of Finland. It is responsible for the FEIs in the present ERDF programmes. The evaluation of Finnvera (2012) was commissioned by the Ministry of Employment and the Economy. The evaluation did not focus on ERDF co-financed activities as such but was aimed at assessing the regional effects of Finnvera. The starting point of the evaluation are the criteria for public intervention in financial markets: a) addressing market failure; b) stimulating private financial institutions; c) increasing competition between banks and ensuring fair pricing. The evaluation concludes that loan subsidies have only little added-value for SMEs in today's financial market environment. Instead, guarantees are the most strategically justified instruments as they help to boost the banks' capacity to provide finance to enterprises. The most striking conclusion is that the contribution of Finnvera's interventions to regional development is unclear and promoting regional policy through public support for enterprises is in the present market conditions not perceived as efficient. This is quite a strong statement and it is not necessarily in line with the conclusions presented among others in AIRs and ERDF programme evaluations. The conflicting view is that there are only limited possibilities in the disadvantaged regions to reform the economic structure and attract new industries. For this reason there are good reasons to support the development of the SMEs in the traditional industries.

## **Studies on the effects of direct support to enterprises**

While there is not much research on the overall effects on regional developments of Cohesion policy in Finland several scientific studies have recently been published on one topic close to ERDF, the effects of direct enterprise support on the business development of SMEs. A precondition for this research has been that Statistics Finland has created a micro level enterprise support data base. It is a panel data base containing almost all economically active enterprises in Finland with normal identification, characteristic and business variables and, in addition, information of all public support (including support from ERDF) granted to enterprises. This data base is available to researchers for reasonable cost and several serious research projects have been carried out based on this data. This can be considered a kind of good practice, as well, though the service did not originate from the needs of the EU Cohesion policy but rather from political discussion of the benefits and costs of enterprise support.

This data source has not been used directly in any of the ERDF programme evaluations. Instead, it has been used in several academic studies, as well as in the evaluations of the Finnish innovation policy. All of the studies referred below are based on the enterprise support data base and counterfactual approach. Most of the studies consider the effects of the support on employment and productivity at firm level.

The study of Ottaviano, Kangasharju and Maliranta (2009) studied the effects of the R&D support and non-R&D support (for investment, employment etc.) on productivity in advantaged and disadvantaged regions. According to their results non-R&D support does not have an effect on productivity in any of the region types. In the case of R&D support the average productivity of supported firms relative to not-supported firms has fallen in disadvantaged regions during and after the public support while in advantaged regions the productivity has risen. In disadvantaged regions R&D support is associated with the reallocation of employment towards less productive firms but this does not happen in advantaged regions.

The study of Koski & Pajarinen (2012) analyses three types of support: employment subsidies<sup>39</sup>, R&D subsidies and other subsidies<sup>40</sup>. According to the results employment and R&D subsidies contribute positively to the firm's employment while other subsidies have also a positive but weaker effect. The employment effect lasts one to three years after the reception of subsidy. They find also that in the case of R&D subsidies product innovation and sales growth of a firm's old products contribute to employment growth while process innovation does not have an effect on employment.

Hyytinen & Ylhäinen (2012) studied the effects of Finnvera's support. According to the results the support affects positively turnover and export growth, as well as employment growth. In contrast, there has been no significant effect on productivity.

In the study of Einiö (2013) the identification of the causal effect of R&D support on firm performance is based on geographic variation in public support arising from varying support rate zones defined for ERDF and ESF programmes and connected with population density. He finds positive impacts of R&D support on employment, turnover and R&D investment. While there are no immediate impacts on productivity there is evidence of long-term productivity gains.

Koski & Maliranta & Määttä & Pajarinen (2013) investigated the impact of different types<sup>41</sup> of support to the long term productivity. They found that in all support types the support had no statistically significant impact on productivity. According to their results the support increased the probability of a low productivity firm to stay in business compared with firms with no support. Consequently, the support preserves low productivity firms and has a negative effect on the productivity level of industries. Their conclusion is that from the point of view of productivity direct support to enterprises is useless. However, they admit that R&D support may have positive effects for industries due to externalities.

As a conclusion all types of direct support to enterprises seem to have a positive effect on firm level employment. R&D support may have positive effects on the productivity, at least in certain conditions, but there is no evidence of the positive effect of other support types on productivity. The results are interesting from the point of view of the objectives of ERDF because more than half of the funds of ERDF are used for direct enterprise support.

### **An investigation of the effects of enterprise support**

An evaluation of all the enterprise direct support schemes managed by the government, including those financed by ERDF, was published recently (Pietarinen 2012).

According to the report, the total sum of direct support was EUR 1,230 million in 2011 of which about 15% was financed through EU programmes<sup>42</sup>. Of the support schemes co-financed by ERDF only Enterprise Development Grant (EDG) and Finnvera's subsidised loans and

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<sup>39</sup> Not supported by ERDF.

<sup>40</sup> Including Enterprise Development Grant for investments, other business development and salary or other operational costs, and Finnvera's subsidised loans for starting a business, investments etc. These are the main instruments of ERDF.

<sup>41</sup> They used the same division of support types as Koski & Pajarinen (2012).

<sup>42</sup> Only the share of the Finnish State of ERDF was included in the calculation but not the share paid by EU or by the Finnish municipalities or regional authorities.

guarantees were included. The effects of the support were evaluated with respect to five criteria: (1) correction of failures of financial markets, (2) promotion of external effects (R&D&I, environment), (3) maintenance of a fair competition, (4) effects on regional development, and (5) effects on employment.

According to the evaluation, a number of support schemes, covering 15% of all enterprise support financed by the State, are totally ineffective and should be cancelled completely. About 40% of all support has only little effect and this part needs to be revised. The remaining schemes (45% of support) have clear positive effects according to the five criteria. An interesting result is that the interventions co-financed by ERDF (EDGs and Finnvera's FEIs) are in the category of support schemes having positive effects. They are both considered necessary mainly because of the failures of financial markets. There are also suggestions for improvements: shifting the weight of Finnvera's finance towards growth oriented and internationalizing firms as the cost of ordinary firms; limiting the support for fixed investments (minimum 5 years interval); and prioritizing support leading to structural change.

### **The authors' views on evaluations**

There is a coherent evaluation plan for the programmes. The plan has been implemented as originally planned in 2008. The new integrated continuous approach in evaluation supports the implementation process better than the mid-term evaluations of the previous period. The mid-term evaluation process was heavy and contained a lot of overlapping with the AIRs. Instead, the thematic process has made it possible to focus on selected topics.

The evaluation has succeeded well in providing information for discussion, especially in the regional seminars. There has been fruitful interaction between the evaluators and regional coordinators and the results have been utilised in regions, for example in revising the selection criteria for the projects. The new process also makes it possible to make comparisons between regions, while in the previous period it was more difficult to do so because there were separate evaluations for each regional programme.

However, the "official" evaluation is still focused on the implementation processes instead of analysing the results and effects. This logic is hard to understand because the implementation functions quite well in Finland and the major problems found in the previous period have been corrected. The ambition of the whole evaluation process is rather low relative to the central role of ERDF in Finland's regional policy. At the same time there are a lot of empirical research studies on the effects of direct support to SMEs but they have not been used in the programme evaluations.

One of the main problems is that evaluation methodology is not developed and new approaches are not looked for. A key shortage is that the integrated continuous evaluation process does not include a systematic analysis of the results and effects of the policy on regional developments. In practice the resource allocation for the evaluation does not make it possible to carry out scientific effect analysis. There is an urgent need for more evaluation of results and effects.

## 5. Further Remarks - New challenges for policy

Main points from the previous country report:

- There has been convergence between regions especially in respect of employment and unemployment. While the main reason for this is the uneven nature of structural change and demographic development ERDF has also influenced by creating new jobs and new enterprises especially in Eastern and Northern Finland.
- There will be only one operational programme in mainland Finland and another in Åland in the period 2014-2020, including both the ERDF and ESF. A regional plan will be formulated for two regions, Eastern and Northern Finland together and Southern and Western Finland together.
- There is an agreement among the experts of regional development and managers of regional programmes that there is need to strengthen the focus of programmes in the next period.

### Next programme period

In the draft<sup>43</sup> of the structural fund programme of mainland Finland (title "Growth and Employment 2014-2020") planned themes and priorities are based on an analysis of present challenges of the society and regional developments. There are 10 themes and respective challenges to be tackled by the investments of the resources of the programme:

- *Challenge of Enterprises and innovation*: one-sided economic structure, loss of international competitiveness of companies and small number of growth companies
- *Research and development*: enhancing of research and innovation basis
- *Sparsely populated regions*: weak competitiveness because of poor accessibility for SMEs
- *Environment*: sustainable use of natural resources
- *Energy*: high level of energy consumption and high greenhouse gas emissions
- *Population development*: decrease of working-age population due to ageing
- *Employment and regional economies*: unemployment, especially youth and long-term
- *Skilled labour*: changing needs for skills and flexible possibilities of shifts in education and work careers
- *Men and women in labour markets*: differentiation of work and education careers with respect to sex
- *Social participation*: growth of welfare and health differences.

The conclusion of the challenge analysis is summarised in eight thematic objectives and 13 investments priorities. Finally, the programme structure is presented as an investment strategy with five priorities<sup>44</sup> (2 ERDF and 3 ESF), each of them having 1-4 special objectives and defined result indicators<sup>45</sup>. ERDF and ESF funding has been allocated between the priorities.

Special effort has been put on decreasing the administrative burden and increasing the cost-efficiency of administrative processes. For example, electronic identification will be taken into

<sup>43</sup> Version: 22 August, 2013.

<sup>44</sup> Plus technical assistance.

<sup>45</sup> In progress in September 2013.

use in all administration. It makes it possible to increase significantly the rate of electronic communication between the beneficiaries, intermediaries and administrators. The regional administration of the structural funds and the programme will be concentrated in four (out of 15) ELY Centres<sup>46</sup>.

As regards financial instruments, the Ministry of Labour and the Economy has recently decided that there will be no FEIs available in the next ERDF programme. Finnvera will continue to provide subsidized loans and guarantees etc. for SMEs but only based on national funds, not ERDF. The provision of venture capital to start-ups will be shifted from Finnvera to Tekes, and also purely by national funds.

### **National instruments of regional policy**

The main national instrument of regional innovation policy, the Centre of Expertise Programme (OSKE) which was started in 1994, will be finished in the end of 2013. The OSKE programme 2007-2013 consists of 13 national Competence Clusters and 21 regional Centres of Expertise. Many of the projects carried out in Centres of Expertise have been co-financed by ERDF. According to the final evaluation of the programme (Wallin & Laxel, 2013) OSKE has been successful in providing local support for the development of SMEs and has created a lot of good practices. However, the evaluation concludes that the model of OSKE does not meet today's needs of the enterprises and the society any more. The role of the regional or national clusters managed by the public sector organisations are in reality not very strong in supporting the innovation processes of the enterprises which have to cope with the rules of the global business ecosystems.

The end of OSKE will be partly compensated by the new regional programme, Innovative Cities (INKA), starting in 2014. The objective of INKA is to strengthen the birth and development of internationally attractive innovation centres in Finland. It is targeted mainly to large and middle-sized regions with universities and other innovation resources. The real content and the organisation of the programme are still open but the general aim is to coordinate the innovation actions and use of resources of the state and the regions. The cities are expected to develop and test new approaches, for example in the infrastructure projects, land use, housing and transport. Initially five cities with different thematic focus have been chosen to the programme: Oulu in Northern Finland, Joensuu in Eastern Finland, and Tampere, Jyväskylä and Vaasa in Western Finland.

### **Conclusions**

The new programme structure is clear and focused. There has been a serious will to solve the problems of the programme structure and implementation of the present period. Much of the critics and suggestions presented in the evaluation reports have been taken into account. The programme structure together with the improvements in the administration create good precondition for successful implementation.

However, while the programme structure is based on a new kind of specification and analysis of challenges the theory of change is still missing, at least in some parts. It is unclear how the planned actions co-financed by ERDF and ESF would bring about a change in the specified

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<sup>46</sup> Employment and Economic Development Centre.

themes with identified challenges. For example, why would the direct support to enterprises for physical investments increase competitiveness of SMEs when there is no evidence of such an effect from the present and previous period.

The evaluations of the programmes in the present period have concentrated on the implementation of the programmes rather than results or effects of the actions. However, implementation has not been the major problem in Finland in the present period and evidently will not be in the next period. Instead, the lack of evidence of the real impact of the support is a much serious problem. In the next programming period the effort and resources of evaluation should be shifted towards the analysis of results and effects of the actions. There are good pre-conditions for this kind of research because of the reasonably good quality of the monitoring systems and several outside data bases, like the enterprise support data base of Statistics Finland.

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## Annex 1 - Tables

See Excel Tables 1 -4:

Excel Table 1 – Regional disparities and trends

Excel Table 2 – Macro-economic developments

Excel Table 3 - Financial allocation by main policy area

Excel Table 3cbc - Financial allocation by main policy area – cross border cooperation

Excel Table 4 - Commitments by main policy area (by end-2012)

Excel Table 4cbc - Commitments by main policy area (by end-2012) – cross border cooperation

### Annex Table A - Broad policy areas and correspondence with fields of intervention (FOI)

Policy area		Code	Priority themes
1. Enterprise environment	RTDI and linked activities	01	R&TD activities in research centres
		02	R&TD infrastructure and centres of competence in a specific technology
		05	Advanced support services for firms and groups of firms
		07	Investment in firms directly linked to research and innovation (...)
		74	Developing human potential in the field of research and innovation, in particular through post-graduate studies ...
	Innovation support for SMEs	03	Technology transfer and improvement of cooperation networks ...
		04	Assistance to R&TD, particularly in SMEs (including access to R&TD services in research centres)
		06	Assistance to SMEs for the promotion of environmentally-friendly products and production processes (...)
		09	Other measures to stimulate research and innovation and entrepreneurship in SMEs
		14	Services and applications for SMEs (e-commerce, education and training, networking, etc.)
		15	Other measures for improving access to and efficient use of ICT by SMEs
	ICT and related services	11	Information and communication technologies (...)
		12	Information and communication technologies (TEN-ICT)

Policy area		Code	Priority themes
		13	Services and applications for citizens (e-health, e-government, e-learning, e-inclusion, etc.)
	Other investment in firms	08	Other investment in firms
2. Human resources	Education and training	62	Development of life-long learning systems and strategies in firms; training and services for employees ...
		63	Design and dissemination of innovative and more productive ways of organising work
		64	Development of special services for employment, training and support in connection with restructuring of sectors ...
		72	Design, introduction and implementing of reforms in education and training systems ...
		73	Measures to increase participation in education and training throughout the life-cycle ...
	Labour market policies	65	Modernisation and strengthening labour market institutions
		66	Implementing active and preventive measures on the labour market
		67	Measures encouraging active ageing and prolonging working lives
		68	Support for self-employment and business start-up
		69	Measures to improve access to employment and increase sustainable participation and progress of women ...
		70	Specific action to increase migrants' participation in employment ...
		71	Pathways to integration and re-entry into employment for disadvantaged people ...
		80	Promoting the partnerships, pacts and initiatives through the networking of relevant stakeholders
3. Transport	Rail	16	Railways
		17	Railways (TEN-T)
		18	Mobile rail assets
		19	Mobile rail assets (TEN-T)
	Road	20	Motorways
		21	Motorways (TEN-T)
		22	National roads
		23	Regional/local roads
	Other transport	24	Cycle tracks
		25	Urban transport
		26	Multimodal transport
		27	Multimodal transport (TEN-T)
		28	Intelligent transport systems
		29	Airports
30		Ports	
31		Inland waterways (regional and local)	
32	Inland waterways (TEN-T)		
4. Environment and energy	Energy infrastructure	33	Electricity
		34	Electricity (TEN-E)
		35	Natural gas
		36	Natural gas (TEN-E)
		37	Petroleum products
		38	Petroleum products (TEN-E)

Policy area		Code	Priority themes
		39	Renewable energy: wind
		40	Renewable energy: solar
		41	Renewable energy: biomass
		42	Renewable energy: hydroelectric, geothermal and other
		43	Energy efficiency, co-generation, energy management
	Environment and risk prevention	44	Management of household and industrial waste
		45	Management and distribution of water (drink water)
		46	Water treatment (waste water)
		47	Air quality
		48	Integrated prevention and pollution control
		49	Mitigation and adaption to climate change
		50	Rehabilitation of industrial sites and contaminated land
		51	Promotion of biodiversity and nature protection (including Natura 2000)
		52	Promotion of clean urban transport
53	Risk prevention (...)		
54	Other measures to preserve the environment and prevent risks		
5. Territorial development	Social Infrastructure	10	Telephone infrastructure (including broadband networks)
		75	Education infrastructure
		76	Health infrastructure
		77	Childcare infrastructure
		78	Housing infrastructure
		79	Other social infrastructure
	Tourism and culture	55	Promotion of natural assets
		56	Protection and development of natural heritage
		57	Other assistance to improve tourist services
		58	Protection and preservation of the cultural heritage
		59	Development of cultural infrastructure
	60	Other assistance to improve cultural services	
	Planning and rehabilitation	61	Integrated projects for urban and rural regeneration
	Other	82	Compensation of any additional costs due to accessibility deficit and territorial fragmentation
83		Specific action addressed to compensate additional costs due to size market factors	
6. Technical assistance	84	Support to compensate additional costs due to climate conditions and relief difficulties	
	81	Mechanisms for improving good policy and programme design, monitoring and evaluation ...	
	85	Preparation, implementation, monitoring and inspection	
	86	Evaluation and studies; information and communication	

**Annex Table B - Core indicators at the end of 2012**

Region	Indicator	Target	EURA	TUKI2000	Total	Realisation	Finnvera	Grand total	Realisation	Realisation*
		2007-2013	actual	actual	actual	actual, %	planned	actual+planned	actual+planned, %	actual+planned, %
Etelä-Suomi (Southern Finland)	New jobs	4,200	1,674	1,883	3,557	85	1,208	5,623	134	
	-women	1,575 (38%)	414	627	1,041	29	412	1,696	30	
	New enterprises	920	225	59	284	31	612	927	101	97
	-women	247 (27%)	46	13	59	21	250	315	34	34
	New R&D jobs	290	305	153	458	158				
	-women		73	52	125					
Länsi-Suomi (Western Finland)	New jobs	9,800	1,040	2,791	3,831	39	2,015	8,006	82	
	-women	3,920 (40%)	303	805	1,108	29	677	2,459	31	
	New enterprises	2,000	171	117	288	14	928	1,260	63	61
	-women	720 (36%)	55	33	88	31	395	493	39	40
	New R&D jobs	150	320	227	547	365				
	-women		98	47	145					
Itä-Suomi (Eastern Finland)	New jobs	13,230	1,554	3,909	5,463	41	4,371	12,578	95	
	-women	5,210 (39%)	576	1,275	1,851	34	1,121	3,726	30	
	New enterprises	2,020	210	198	408	20	1,661	2,150	106	102
	-women	710 (35%)	59	68	127	31	616	771	36	36
	New R&D jobs	800	141	225	366	46				
	-women		57	78	135					
Pohjois-Suomi (Northern Finland)	New jobs	11,000	3,192	5,039	8,231	75	2,016	15,007	136	
	-women	4,200 (38%)	1,115	1,537	2,652	32	599	4,710	31	
	New enterprises	1,500	677	280	957	64	755	1,846	123	114
	-women	630 (42%)	203	73	276	29	353	662	36	37
	New R&D jobs	1,000	701	222	923	92				
	-women		130	60	190					
In total	New jobs	38,230	7,460	13,622	21,082	55	9,610	41,214	108	
	-women	14,905 (39%)	2,408	4,244	6,652	32	2,809	12,591	31	
	New enterprises	6,440	1,283	654	1,937	30	3,956	6,183	96	92

Region	Indicator	Target	EURA	TUKI2000	Total	Realisation	Finnvera	Grand total	Realisation	Realisation*
		2007-2013	actual	actual	actual	actual, %	planned	actual+planned	actual+planned, %	actual+planned, %
	-women	2,307 (36%)	363	187	550	28	1,614	2,241	36	37
	New R&D jobs	2,240	1,467	827	2,294	102				
	-women		358	237	595					

Source: Ministry of Employment and the Economy

Note: EURA and TUKI2000 figures include achievements only from finished projects. Achievements from ongoing projects are not included.

Finnvera figures are based on planning phase data.

Women's shares are shares from the total number of realised jobs/enterprises and not from the target.

(\*)Actual +Finnvera. Though Finnvera figures are planned outcomes, in the case of new enterprises the figures are verified and can thus be counted as actual outcomes.

### Annex Table C - Core indicators at the end of 2011

Region	Indicator	Target	EURA	TUKI2000	Total	Realisation	Finnvera	Grand total	Realisation	Realisation*
		2007-2013	actual	actual	actual	actual, %	planned	actual+planned	actual+planned, %	actual+planned, %
Etelä-Suomi (Southern Finland)	New jobs	4,200	1,324	1,387	2,711	65	1,213	4,690	112	
	-women	1,575 (38%)	323	472	795	29	414	1,415	30	
	New enterprises	920	173	43	216	24	612	855	93	90
	-women	247 (27%)	35	9	44	20	253	301	35	36
	New R&D jobs	290	215	124	339	117				
	-women		56	42	98					
Länsi-Suomi (Western Finland)	New jobs	9,800	852	1,928	2,780	28	2,016	6,673	68	
	-women	3,920 (40%)	247	580	827	30	676	2,133	32	
	New enterprises	2,000	127	94	221	11	930	1,190	60	58
	-women	720 (36%)	40	29	69	31	395	473	40	40
	New R&D jobs	150	285	143	428	285				
	-women		87	33	120					
Itä-Suomi (Eastern Finland)	New jobs	13,230	1,306	2,943	4,249	32	4,229	11,211	85	
	-women	5,210 (39%)	493	967	1,460	34	1,103	3,283	29	
	New enterprises	2,020	138	152	290	14	1,615	1,994	99	94
	-women	710 (35%)	38	54	92	32	613	733	37	37
	New R&D jobs	800	115	159	274	34				
	-women		48	59	107					

Region	Indicator	Target	EURA	TUKI2000	Total	Realisation	Finnvera	Grand total	Realisation	Realisation*
		2007-2013	actual	actual	actual	actual, %	planned	actual+planned	actual+planned, %	actual+planned, %
Pohjois-Suomi (Northern Finland)	New jobs	11,000	2,329	3,376	5,705	52	1,959	12,093	110	
	-women	4,200 (38%)	900	1,009	1,909	34	599	3,905	32	
	New enterprises	1,500	564	217	781	52	749	1,659	111	102
	-women	630 (42%)	163	57	220	28	352	610	37	37
	New R&D jobs	1,000	488	96	584	58				
	-women		106	21	127					
In total	New jobs	38,230	5,811	9,634	15,445	40	9,417	34,667	91	
	-women	14,905 (39%)	1,963	3,028	4,991	32	2,792	10,736	31	
	New enterprises	6,440	1,002	506	1,508	23	3,906	5,698	89	84
	-women	2,307 (36%)	276	149	425	28	1,613	2,117	37	38
	New R&D jobs	2,240	1,103	522	1,625	73				
	-women		297	155	452					

Source: Ministry of Employment and the Economy.

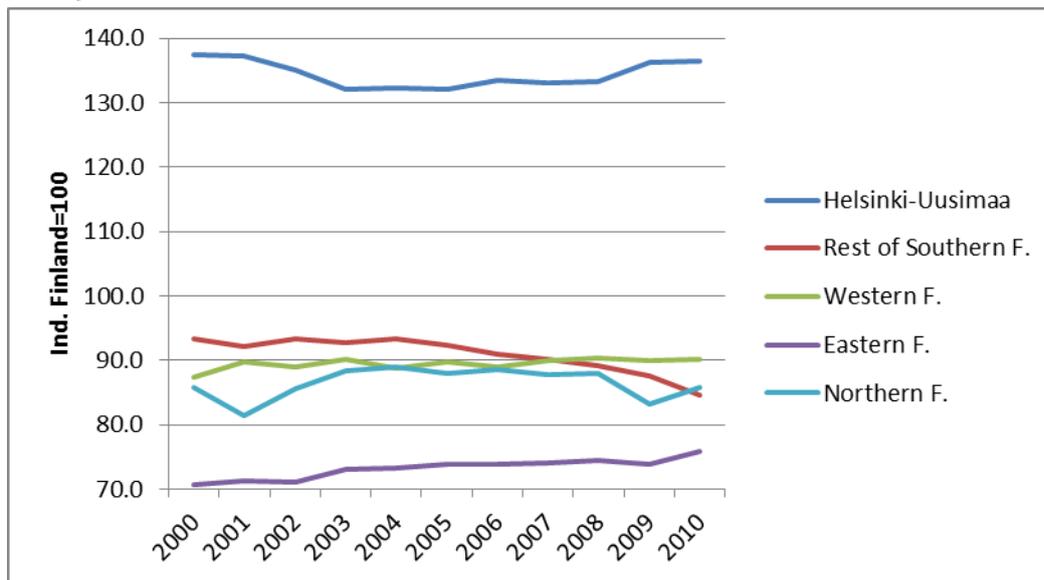
Note: EURA and TUKI2000 figures include achievements only from finished projects. Achievements from ongoing projects are not included.

Finnvera figures are based on planning phase data.

Women's shares are shares from the total number of realised jobs/enterprises and not from the target.

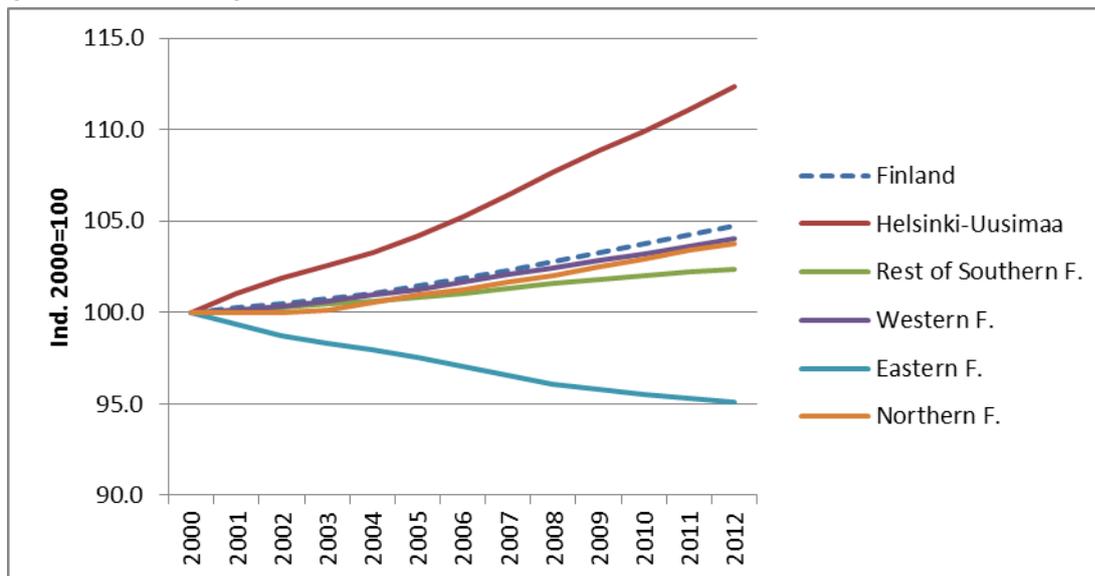
(\*) Actual +Finnvera. Though Finnvera figures are planned outcomes, in the case of new enterprises the figures are verified and can thus be counted as actual outcomes.

**Annex Figure A - GDP per capita by region in Finland 2000-2010, index (Finland total =100)**

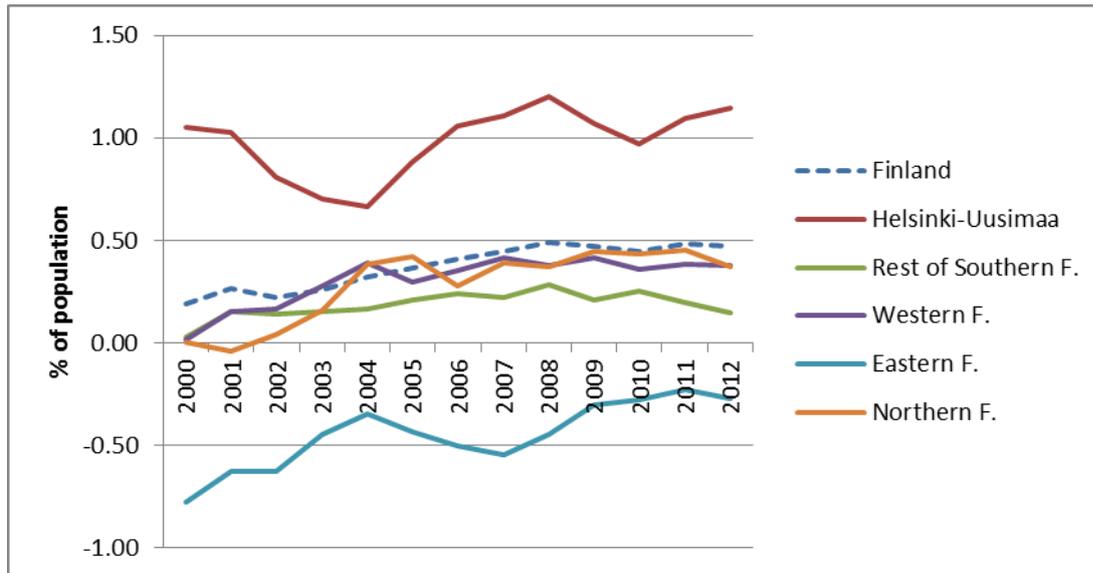


Source: Statistics Finland.

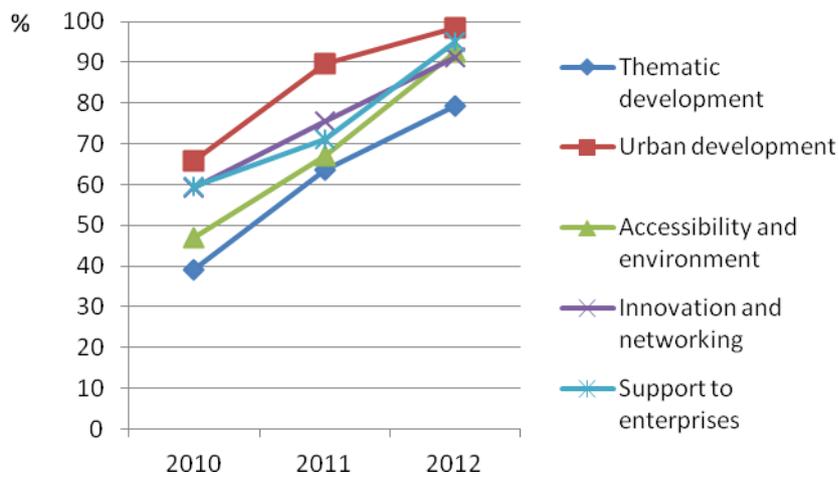
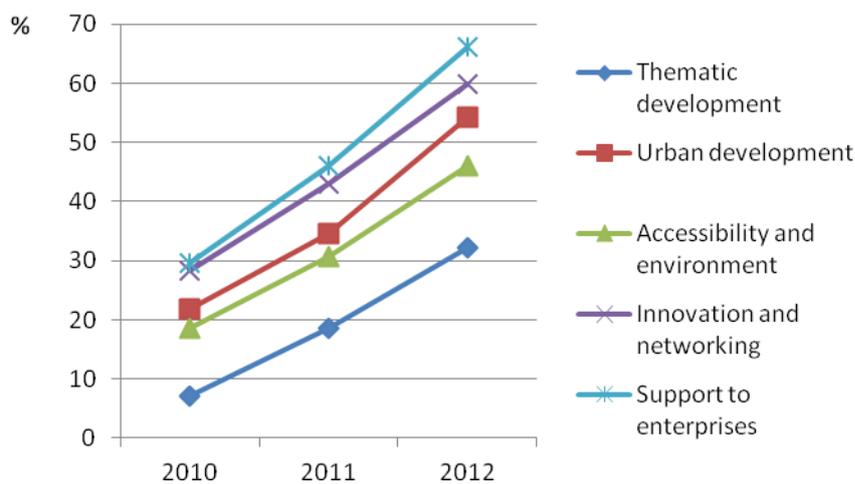
**Annex Figure B - Population relative to year 2000 by region in Finland 2000-2012, index (Year 2000 =100).**



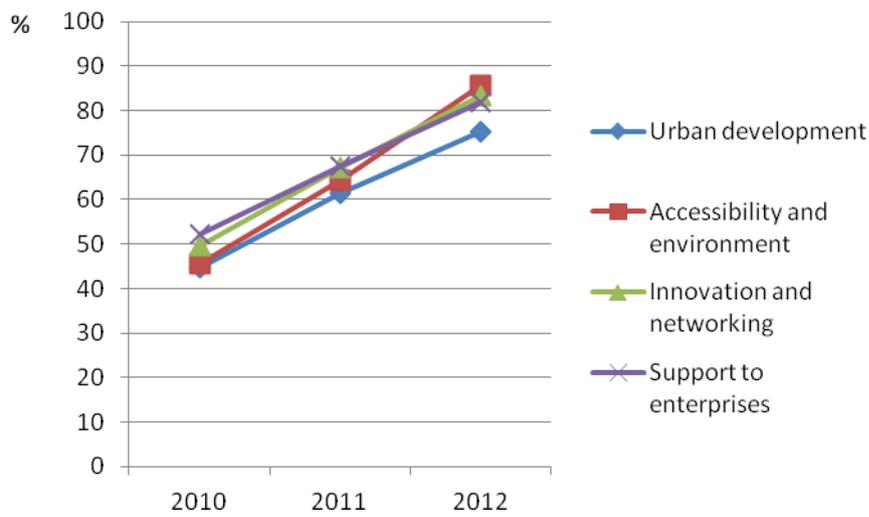
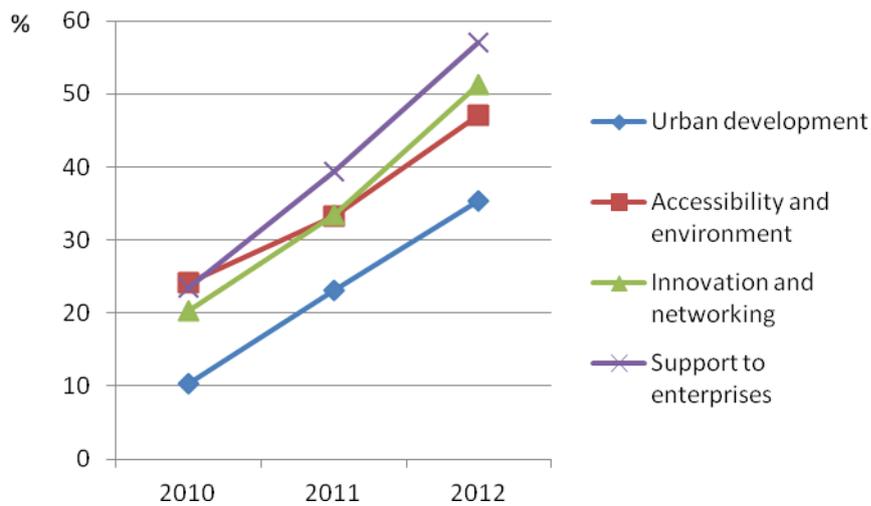
Source: Statistics Finland.

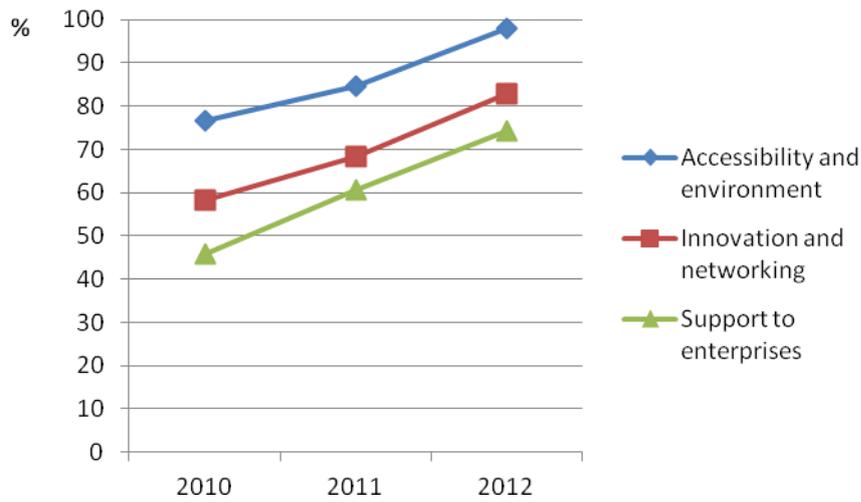
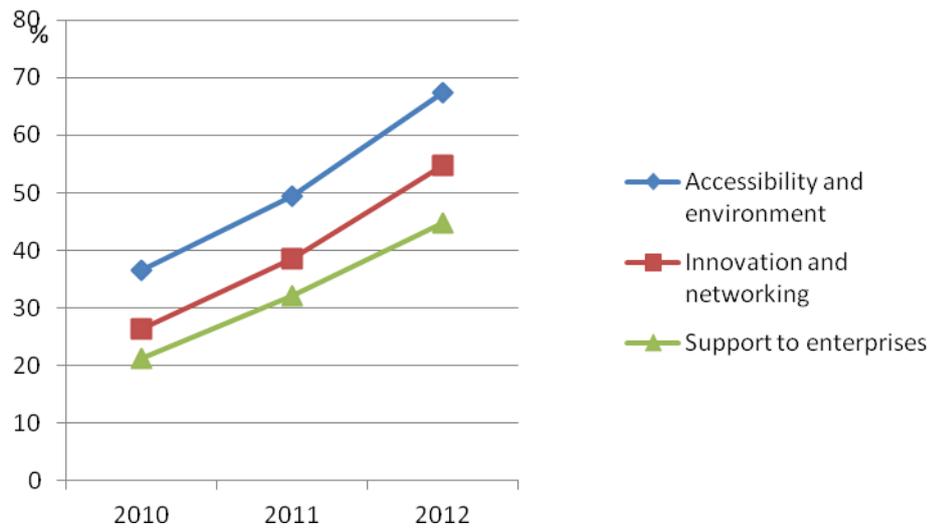
**Annex Figure C - Population change (% of population) by region in Finland 2000-2012**

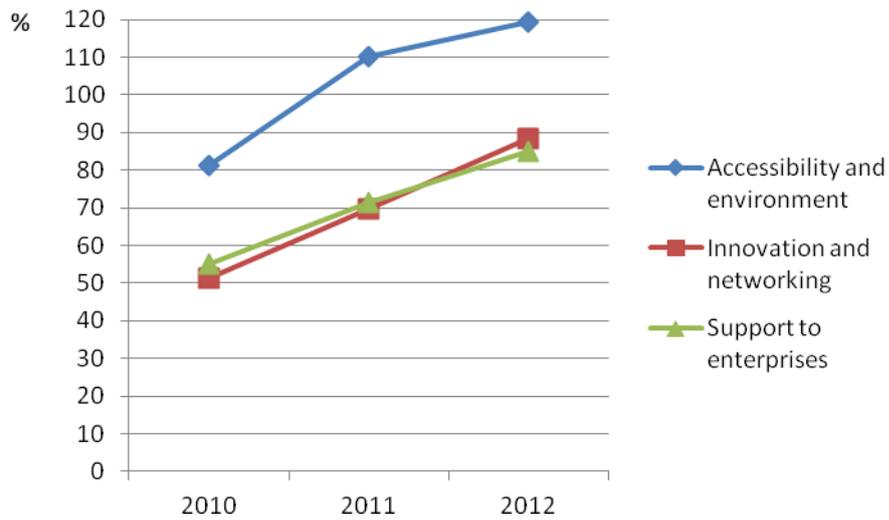
Source: Statistics Finland.

**Annex Figure D - Southern Finland progress<sup>47</sup> (%) by priority 31.12.2010-31.12.2012****Commitment rate****Implementation rate**

<sup>47</sup> Source of data in Annex Figures D-G: Employment and Economic Development Department

**Annex Figure E - Western Finland progress (%) by priority 31.12.2010-31.12.2012****Commitment rate****Implementation rate**

**Annex Figure F - Eastern Finland progress (%) by priority 31.12.2010-31.12.2012****Commitment rate****Implementation rate**

**Annex Figure G - Northern Finland progress (%) by priority 31.12.2010-31.12.2012****Commitment rate****Implementation rate**