



**EXPERT EVALUATION NETWORK  
DELIVERING POLICY ANALYSIS ON THE  
PERFORMANCE OF COHESION POLICY 2007–2013**

**TASK 2: COUNTRY REPORT ON  
ACHIEVEMENTS OF COHESION POLICY**

**FINLAND**

**VERSION: FINAL  
DATE: DECEMBER 2010**

**SEPPO LAAKSO & PÄIVI KILPELÄINEN  
URBAN RESEARCH TA**

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

## Contents

EXECUTIVE SUMMARY .....	3
SECTION 1 – SOCIO-ECONOMIC CONTEXT .....	6
SECTION 2 – THE REGIONAL DEVELOPMENT POLICY PURSUED, THE EU CONTRIBUTION TO THIS AND THE POLICY ACHIEVEMENTS OVER THE PERIOD .....	9
SECTION 3 – EFFECTS OF INTERVENTION .....	19
SECTION 4 – EVALUATIONS AND GOOD PRACTICE IN EVALUATION .....	20
SECTION 5 – CONCLUDING REMARKS – FUTURE CHALLENGES .....	29
REFERENCES.....	33
THE EXPERTS’ ROLE IN EVALUATIONS AND OFFICIAL STUDIES .....	36
INTERVIEWS .....	37
TABLES .....	38
ANNEX.....	40

## EXECUTIVE SUMMARY

**Regional policy:** The regions of Finland differ markedly in industrial structure and economic development because of geographical and historical influences. The principles of the present Government for regional policy are presented in National Development Targets. The main objectives of regional policy are: (1) strengthening the national and international competitiveness of regions; (2) strengthening the vitality of regions and making the development differences smaller between regions; (3) solving the special challenges of regions. Regional policy consists of the combination of both national policy measures and EU's Cohesion Policy programmes for the period 2007–2013. National and EU's regional programmes are interlinked via strategic objectives, administrative structures and partly common financial sources.

**ERDF programmes:** Mainland Finland is divided to four NUTS 2 regions: Southern, Western, Eastern and Northern Finland. Åland Island has an autonomous status and it comprises an independent region both at NUTS 1 and 2 levels. There are five regional ERDF programmes in the 2007–2013 period, one for each NUTS 2 region. Finland has been allocated EUR 1,596 million under the Competitiveness and Employment objective of which the share of ERDF is EUR 977 million. ERDF support allocated for the whole period is EUR 183 per head for the whole country. The most disadvantaged regions get highest support: EUR 561 in Eastern Finland and EUR 483 in Northern Finland while in the wealthier regions the level is lower, Western Finland EUR 118 Southern Finland EUR 52 and Åland EUR 112 per head.

**Programme structure:** The four regional programmes in mainland Finland have basically similar structures with some differences in priorities. The 3 main priorities in all these programmes are: (1) support to enterprises; (2) promoting innovation, networking and strengthening knowledge structures; (3) regional accessibility and the environment. In addition, there is a priority for the development of large urban regions in Western and Southern Finland. There is also a separate priority for thematic projects in Southern Finland while in other regions thematic projects are included in other priorities. In Åland ERDF funding is used for one priority only, Entrepreneurship and innovation.

**Progress:** Commitments relative to programme target (commitment rate) for the whole of the ERDF at end 2009 (when 43% of the period had elapsed) vary from 32% in Southern and 33% in Western Finland to 38% in Northern and 43% in Eastern Finland. In general, the commitment rate on support to enterprises was relatively high in all regions while in Southern and Western Finland, it was relatively low in other priority areas. The delay in the start of the programmes for administrative and technical complications explains the low commitment rate in some regions and as regards some priorities. The economic recession has affected implementation to

some extent, especially with respect to the demand for enterprise support and the possibilities of municipalities to finance infrastructure and environment projects. The relative weights attached to programmes have been revised slightly but the strategic objectives have not changed. According to the AIRs, the recession is expected to have a temporary rather than a permanent effect on implementation.

**Results:** The implementation of ERDF programmes has proceeded well, or at least satisfactory, according to the core indicators up until end 2009. The target of creating new firms through ERDF support has been realised in Eastern and Southern Finland while in Western and Northern Finland, it lags behind. The rate of creation of new enterprises by women was slightly higher than elsewhere in Southern Finland but relatively low in other regions. The rate of new job creation was high in Southern and Eastern Finland and relatively high in other regions. The figures for the new jobs taken up by women are systematically lower than those taken up by men. The majority of new enterprises and new jobs have been created under the priority “support to enterprises” in all programmes. The intended allocation of finance to R&D projects as well as to new R&D jobs has also not been achieved. On the other hand, the resources allocated to environmentally friendly projects have exceeded the target in all programmes. Similarly, the promotion of equal opportunities has been in line with targets in all regions.

**Effects:** Programme evaluations of ERDF (both from the previous period and the ongoing one) provide much information on the results of the programmes. However, there is no systematic analysis of the effects of ERDF intervention on regional development or the change in the structure of regional economies. The successful implementation of programmes is a necessary but not sufficient condition for long-lasting regional effects. The general view of the experts interviewed is that ERDF programmes, as part of regional policy, have made a positive contribution to some sectors but they have not been capable of changing the powerful trend for population and economic activity to concentrate in the main centres nor counteracting the strong effects of global economic fluctuations on Finnish regions. However, ERDF programmes have improved the relative position of regional universities which are large enough to have critical mass for significant innovation activities and for diversifying the industrial structure. At the same time the relative position of remote rural areas has worsened. Nevertheless, ERDF programmes have contributed to the development of rural SMEs and the improvement of living conditions of the people living there.

**Evaluations:** In Finland the evaluations of ERDF are carried out during 2009–2013 as an integrated process covering all the four programmes in mainland Finland. The aim is to concentrate on broader, strategic views of the implementation than considered in AIRs. The purpose is to complete (but not repeat) the information in AIRs which are a kind of inside evaluation reports produced by the administrators of the programmes. The main goal of the evaluation is to answer the question: how well do the strategies of the programmes meet the

development needs of the regions and how successful is the implementation in fulfilling the strategic objectives? The approach is totally different from the previous period 2000–2006 when heavy and broad Mid-term evaluations were carried out separately for each regional programme.

**Good practice:** The new integrated and thematic evaluation approach supports the implementation process of the ongoing programmes. It avoids the overlap with AIRs and concentrates on topical issues critical for implementation. This makes it possible to use the results and conclusions of evaluations to update the objectives or shift the emphasis of implementation (within the limits of programme rules) during the period, if sensible to do so. However, the analysis of the impact of the actions, conclusions concerning the implementation and suggestions for changes must be improved in the future evaluation reports and presentations.

## SECTION 1 – SOCIO-ECONOMIC CONTEXT

The regions of Finland differ markedly in industrial structure and economic development because of geographical and historical influences. Mainland Finland is divided into four NUTS 2 regions: Southern, Western, Eastern and Northern Finland. Åland Island has an autonomous status and it comprises an independent region both at NUTS 1 and 2 levels.

*Southern Finland* is the most urbanised and industrialised region with a population of 2.6 million. It accounts for half of the national population and 57% of GDP<sup>1</sup> of the country. While its industrial structure is diversified, services and high-tech industries account for a large proportion of output.

*Western Finland*, which has close links with Sweden, specialises in metal production, forest industry, food manufacture and agriculture. The region has a quarter (1.3 million) of the country's population while its share of national GDP is slightly lower, 23%.

*Eastern Finland's* economy is highly dependent on forest industries (forestry, wood, paper and pulp and associated machinery) and agriculture. The population of the region (0.7 million) is 12% of the country total and it produces 9% of the GDP. The area has suffered from almost continuous outward migration for many years.

Forest industries have also dominated the economy of *Northern Finland* for many years. The restructuring of the industry has partly been offset by the growth of high-tech industry in the Oulu area while in Lapland tourism is growing. 12% of population live in the region and its share of GDP is 10% but it accounts for 44% of the land area of Finland.

*Åland* is a small (population 27,000), Swedish-speaking, self-governing island region located between continental Finland and Sweden. Its economy is to a large extent based on shipping and activities connected to it.

Eastern Finland is a Phasing-in region while none of the regions are Phasing-out or Convergence regions. Eastern Finland as a whole, most parts of Northern Finland and a small part of Western Finland received support under Objective 1 in the period 2000–2006 while a part of Northern Finland and the disadvantaged parts of Western and Southern Finland and whole Åland were entitled to funding under Objective 2.

### **Disparities between and within regions**

There are significant regional disparities both between and within the NUTS 2 regions. GDP per capita (2007) in Southern Finland is 15% and in Åland 21% higher than the national average while in Western Finland it is 11% lower than the average, in Eastern Finland 25% lower and in Northern Finland 13%

---

<sup>1</sup> GDP in 2007 (Statistics Finland)

lower (Table 1<sup>2</sup> and Annex Figure 1). However, differences between regions are smaller when measured in terms of disposable income (market income + transfers – direct taxes) of households. According to Loikkanen et al. (2007) the level of disposable income was 9% above the national average in Southern Finland and 11% below the average in Eastern Finland in 2007 (Annex Figure 2). This is due to the smoothing effect of progressive taxation and transfers between income groups and between municipalities and regions.

There is a lot of variation with respect to geographical and socio-economic factors within the NUTS 2 regions related to urbanization, industrial structure and population trends. The major urban areas have relatively good transport and telecommunication connections, major universities and research centres and a diversified structure of the economy, attracting growing R&D-intensive industries and specialised services. They benefit from economies of scale and a well-educated work force. Apart from the Helsinki region (a quarter of population and a third of GDP) the leading urban area in Southern Finland is Turku, in Western Finland Tampere and Jyväskylä, in Eastern Finland Kuopio and in Northern Finland Oulu. Outside the major cities there are several middle sized and small industrial regions, many of them specialized in forest industry, with the economic base highly affected by fluctuations in global markets. Finally, there are large rural areas, most of them very sparsely populated, with the economy based on agriculture, mining, forest industry and the wood industry. Most of the remote rural regions have suffered from continuous population loss and ageing of the population for a long time. The share of rural population is largest in Eastern and Northern Finland and smallest in Southern Finland.

### **Regional development in Finland**

The concentration of production and population to the Helsinki region and other major urban areas has continued in Finland since 2000, as over several decades before. Differences in GDP per capita as well as in disposable income per capita between regions narrowed in Finland from 1960s to 1990s but since then they have been relatively stable and this has continued to be the case over the past 10 years (Annex Figure 1 and Figure 2).

In addition, differences between NUTS 2 region in terms of unemployment and employment rates have remained but have not increased or declined (Annex Figure 3 and Figure 4). However, there have been increasing differences within NUTS 2 regions. In many regions, the relative position of small manufacturing towns and remote rural areas has further weakened since 2000 while many of the strongest regional centres have grown strongly. Differences in population developments between the capital city, other urban regions and rural areas in Eastern and Northern Finland are illustrated in Annex Figure 7 and Figure 8. Kuopio region in Eastern and especially Oulu region in Northern Finland have grown rapidly while rural regions have lost population since 2000. In the most unfavoured

---

<sup>2</sup> See the Excel sheet for Table 1.

regions population has declined because of ageing and outward migration, coupled with a high mortality rate. On the other hand, the mining boom in the 2000s led to major investment in new mines and related infrastructure in some remote regions in Eastern and Northern Finland.

### **Effects of the recession on regions**

The economic recession, starting in 2008, hit Finland and its regions hard due to the dramatic collapse in exports while the effect in the financial sector was quite mild. GDP declined by 8% in 2009, almost double the decline in the EU-27 as a whole (4.2%). However, during previous years the growth rate in Finland exceeded the EU average, especially in 2006-07, when export driven industries were booming.

The wood industry and especially the big international pulp & paper manufacturing companies, have restructured their production during the 2000s and this has continued during the recession. Due to over-capacity in Europe several production lines and whole plants have been closed in various locations in Finland, the majority of them in small or medium sized towns, so strongly affecting employment in the regions. Special policy measures, partly with ERDF support, were implemented in regions hit by “an unexpected structural change”.

The recession since 2008 has affected practically all regions of the country with major manufacturing exports, especially the wood and engineering industries. Another sector strongly affected was logistics, due to drastic cuts in transport of cargo to Russia but also because of the reduction in imports into and exports from Finland. The effects of the recession were less dramatic in urban regions specialised in services and manufacturing for domestic markets and in rural areas specialised in agriculture. There is no systematic difference between NUTS 2 regions as regards the effects of the recession. However, the manufacturing and logistics oriented South-Eastern Finland experienced a kind of triple effect within a short period of time from closures of several plants, collapse of exports and a reduction in shipping to Russia.

The government reacted to the recession by stimulus measures, for example by allocating extra subsidies for housing renovation projects and accelerating infrastructure investment. There was substantial surpluses in government budgets for several years and the level of public debt was still relatively low in 2008 (Table 2<sup>3</sup>). Consequently, there was room for manoeuvre and no acute reason to cut public investment. The rise in unemployment was smaller than expected (from 6.4% in 2008 to 8.4% in 2009). According to the latest data, (for the second quarter 2010) exports and production are growing again and the rise in unemployment has come to an end. The recession also affected the implementation of ERDF programmes<sup>4</sup>.

---

<sup>3</sup> See the Excel sheet for Table 2.

<sup>4</sup> See section 2.



## SECTION 2 – THE REGIONAL DEVELOPMENT POLICY PURSUED, THE EU CONTRIBUTION TO THIS AND THE POLICY ACHIEVEMENTS OVER THE PERIOD

### THE REGIONAL DEVELOPMENT POLICY PURSUED

The principles of the present Government concerning regional policy are presented in National Development Targets for 2007–2011<sup>5</sup>. The main objectives of regional policy are: (1) strengthening the national and international competitiveness of regions; (2) strengthening the vitality of regions and making the development differences smaller between regions; (3) responding to the specific challenges faced by regions.

Regional policy consists of a combination of both national policy measures<sup>6</sup> and EU Cohesion Policy programmes for the period 2007–2013. National and EU regional programmes are interlinked via strategic objectives, administrative structure and partly common financial sources. However, EU' cohesion programmes are the main instrument of regional policy in disadvantaged regions because they provide the major share of the resources for support.

Regional policy is implemented in cooperation with the national central administration and regional administrations. At national level, the Ministry of Employment and the Economy is responsible for regional policy in cooperation with other Ministries which also have their regional strategies. At regional level, policy is coordinated by regional councils<sup>7</sup> which are responsible for both strategic regional planning and regional land use planning. They are also responsible for the implementation of EU cohesion programmes at regional level together with Centres for Economic Development, Transport and the Environment (regional bodies of the State).

For the 2007–2013 period, Finland has been allocated EUR 1,596 million under the Competitiveness and Employment Objective, of which the ERDF<sup>8</sup> accounts for EUR 977 million. To complement EU funding, the national contribution is EUR 1,900 million (from the Government, municipalities and other public sector). The private sector's contribution to the programme is approximately EUR 1,600 million, consisting mainly of the co-financing share of enterprises in projects receiving support from the ERDF.

---

<sup>5</sup> Decided by the Government in 2007 for the ongoing governmental period 2007–11.

<sup>6</sup> Regional innovation policy (including Centres of Expertise programme), Cohesion and competitiveness programme (national), urban policy, rural policy, archipelago policy etc.)

<sup>7</sup> There are 20 regional councils which are cooperation consortiums of municipalities. Regions are defined at NUTS 3 level.

<sup>8</sup> ESF is responsible for the rest.

In addition, Finland takes part in six programmes<sup>9</sup> under the Territorial Cooperation Objective with ERDF funding of EUR 120 million (for Finland) for the period 2007–2013. These programmes are specific to the regions where they operate. For example, under INTERREG IVC there are three priorities that contribute to the vision and objectives of the programme: (1) Safe and healthy environment; (2) Economically Competitive and Innovative Region; (3) Attractive and dynamic societies.

However, the following is limited to consideration of ERDF programmes under the Competitiveness and Employment Objective in mainland Finland programmes which are many times bigger than that of Åland.

### **ERDF programmes under the Competitiveness and Employment Objective**

There are five regional ERDF programmes in the 2007–2013 period: (1) Southern Finland, (2) Western Finland, (3) Eastern Finland, (4) Northern Finland and (5) Åland Islands. All programme regions are statistical NUTS 2 regions. Each of them have several regional councils (except Åland with one) coordinating the programmes. The strategic objectives in each are based on analysis of regional SWOTs (Strengths & Weaknesses and Opportunities & Threats) and studies on regional problems and challenges. In spite of the socio-economic, geographical and historical differences the emphasis is quite similar in all regions, based on innovativeness, entrepreneurship, competitiveness and attractiveness. The main difference between regions is that Eastern and Northern Finland gives more weight to improving accessibility via infrastructure investment than other regions, for the evident reason that the location is remote and transport connections are a critical factor for development. At a detailed level there are many differences in priorities with respect to industries and rural–urban issues.

The four regional programmes in mainland Finland have basically similar structures with some differences in priorities. The three main priorities in all the programmes are: (1) support to enterprises; (2) promoting innovation, networking and strengthening knowledge structures; (3) regional accessibility and the environment. In addition, there is a priority for the development of large urban regions in Western and Southern Finland. There is also a separate priority for thematic projects in Southern Finland while in other regions thematic projects are included among other priorities. In Åland, the ERDF funding is used for one priority only, entrepreneurship and innovation.

ERDF support allocated to Finland for the whole period amounts to an average of EUR 183 per head. The most disadvantaged regions get the highest support: EUR 561 per head in Eastern Finland and EUR 483 per head in Northern Finland while in the wealthier regions the level is lower, Western Finland EUR 118 per head, Southern Finland EUR 52 per head and Åland EUR

---

<sup>9</sup> Northern, Botnia–Atlantica, Central Baltic Sea, Baltic Sea, Northern Peripheria and Interreg IVC.

112 per head (Annex Table A). The division of support between priorities differs to some degree between regions. The common feature is the large emphasis on support to enterprises and innovation<sup>10</sup>. Enterprise support comprises 36–43% of all the ERDF in all regions. Promoting innovation<sup>11</sup>, networking etc. has a share of 37–40% in all regions. The proportion going to accessibility and the environment varies from 17% to 23%. In Southern and Western Finland 4–5% of ERDF resources are allocated to the development of large urban regions. In all regions part of the resources is allocated to ‘thematic’ development, which means intra-regional (mainly between NUTS3 regions within NUTS 2 regions) projects focused on particular themes, like common industrial clusters. The share of the thematic priority is 27% in Southern Finland which is the only region with a special priority for this purpose. (Annex Table A)

### **Special objectives of the programmes**

In Southern and Western Finland, at least two thirds of the support from the ERDF is allocated to the most disadvantaged regions. Eastern and Northern Finland as a whole are classified as disadvantaged regions but in Eastern Finland 44% and in Northern Finland 50% of the ERDF funding is based on a special criterion, sparse population and geographical disadvantage, and is allocated to the regions concerned.

The programmes are also aimed at pursuing the objectives of the Lisbon strategy. Consequently, more than three-quarters of the ERDF funding in all regional programmes is allocated to projects connected with the Lisbon strategy. Another task is to support the EU’s Baltic Sea Strategy. There are no formal targets for the allocation but the coordinating Ministry and the regions have agreed to steer a proportion of the allocation to projects supporting the objectives of the strategy.

In all ERDF programmes, equality and environmental sustainability are horizontal themes covering all priorities.

### **Emphasis of projects in main priorities**

In the case of the **support to enterprises** priority, in all regions, the main uses of support are: R&D projects and other business development; support for investment (machinery, equipment, property); and technology and knowledge transfer, networking and clustering activities. In addition, support is allocated to business support services and smaller shares for various specialised purposes. The instruments are both direct support and loans with subsidised interest rates. The rates of support vary between regions, being highest in the most

---

<sup>10</sup> In Southern Finland 26.8% is allocated for thematic development which is connected to enterprise support and innovation. In other regions thematic development is included in other priorities.

<sup>11</sup> In addition to innovation & networking priority, direct support to enterprises includes a significant share of support to R&D and other innovation activities.

disadvantaged regions<sup>12</sup>. The majority of support is allocated to industrial SMEs in all regions, typically metal, machinery and wood producing firms, as well as to tourism (especially in Northern and Eastern Finland) and business service SMEs.

The priority of **Promoting innovation, networking and strengthening knowledge structures** consists mainly of support for public research centres and regional development organisations<sup>13</sup>. Typical projects are aimed at developing technology or product innovation in a specific sector through a network consisting of a regional university, polytechnics or research institutes, local firms in a particular industry and a municipality or regional development organization.

The **regional accessibility and the environment** priority consists mainly of infrastructure projects: transport, energy and environment. In addition, there are projects promoting tourism via infrastructure and services. Minor inputs are allocated for cultural activities and the physical and social environment. As a whole the priority is a heterogeneous collection of themes connected with infrastructure, environment and other physical and social preconditions of regional development. Municipalities and regional development organizations (regional cooperation organizations of municipalities) have a central role in initiating, organizing and financing projects in this priority.

Unlike for other priorities, there are clear differences between regions with respect to the allocation of funding. In Eastern and Northern Finland, the emphasis is on transport infrastructure (especially the rail network in Eastern Finland), energy infrastructure, information society and tourism. In the Southern and Western Finland there is relatively more weight given to environmental protection, cultural activities and, especially in the Southern region, rural-urban relations.

In the ERDF programmes in Finland the main principle is not to finance investment in 'ordinary' transport infrastructure, like highways, main roads, main rail network and so on. Instead, support is intended to be limited to projects tackling bottlenecks in the transport network or to investment which creates the preconditions for the growth or restructuring of key industries or a particular enterprise which is important for a certain region. For this reason, infrastructure has a significantly smaller role in the ERDF in Finland than in some other countries. However, there are varying views both between and within regions on how the above principle should be applied. In Eastern Finland the regions consider that accessibility as a whole is a bottleneck for

---

<sup>12</sup> With some exceptions support is available in all regions, including the wealthiest regions; ERDF finance is used to make it possible to give higher support in disadvantaged regions.

<sup>13</sup> Cooperation organisations of municipalities.

development throughout the NUTS 2 region and consequently, they have several projects which are aimed at improving the rail network in the region.

## **POLICY IMPLEMENTATION<sup>14</sup>**

### **Commitment rate**

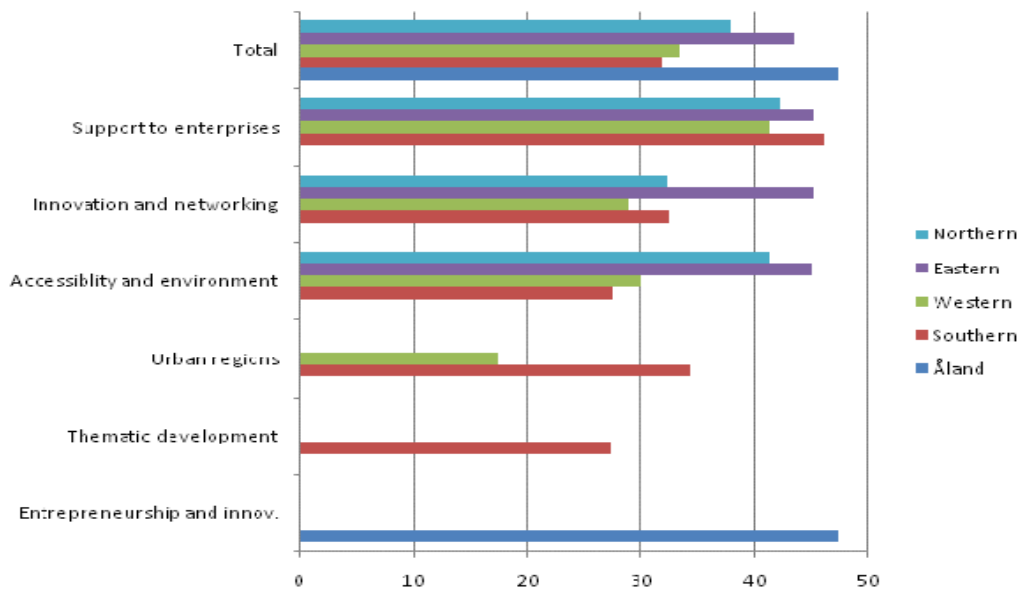
Commitments relative to the total allocation of ERDF financing for the whole period (commitment rates) at end-2009 (when 43% of the period had elapsed) vary from 32% in Southern and 33% in Western Finland to 38% in Northern and 43% in Eastern Finland (Annex Table B). In the programme schedules, annual allocations were planned to be quite evenly spread over the period. This means that Southern and Western Finland lag behind while Northern and Eastern Finland were well on schedule.

There are differences between priorities with respect to commitment rates. In Southern and Western Finland the rate was highest (SF 46%, WF 41%) for the priority “support to enterprises” while rates for other priorities “innovation and networks”, “accessibility and environment”, “urban regions” and “thematic development” were around 17–34% in both regions. In Eastern Finland there are no significant differences in commitment rates between priorities while in Northern Finland, the priority “innovation and networks” lags slightly (32%) behind the others (Annex Table B).

The main reason for the lag in Southern and Western Finland is the delay in starting the programmes due to administrative and technical complications. While it was possible to start making financial decisions in mid 2007 for enterprise support projects, this was the case only at the beginning of 2008 for other projects. The economic boom in 2007 and most of 2008 increased the demand for, and allocation of, support for enterprises initially. Consequently, the commitment rate was reasonably high in all regions at the end of 2009 in spite of the fact that the demand for the finance for enterprise projects declined sharply at the end of 2008 and during 2009. The delay in the start of programmes is the main explanation of the low commitment rate for the other priorities, apart from „support to enterprises”, in Southern and Western Finland. However, Eastern Finland and to a lesser extent Northern Finland succeeded in catching up within two years. These regions were well prepared, especially for infrastructure and environment projects, and Eastern Finland for innovation and networks as well, when the programme started and over the first 3 years.

---

<sup>14</sup> The information concerning policy implementation is based on AIRs 2009 if other source is not mentioned.

**Figure 1: Commitment rate (%) by region and priority 31 Dec. 2009**

The expenditure carried out (implementation rate) by end-2009 was relatively low in all regions: Southern 9.6%, Western 11.2%, Eastern 15.9%, Northern 12.9% and Åland 10%. The implementation rate is highest for the “support to enterprises” priority in all regions. The main explanation for the relatively low implementation rate is the delay in the start-up of programmes which affected expenditure even more than commitments.

**As a conclusion** both the commitment rates and especially the implementation rates are relatively low, except for support to enterprises (and in Eastern Finland & Åland in other priorities). The main reasons are the delay in the start of the programmes and the economic recession. However, the low commitment and implementation rates also indicate lack of good project initiatives in the regions and problems of organizing qualified projects. The programme structure is more flexible than in the previous period. Still, the main problem has remained: strict frames of resource allocation between regions and priorities lead to forced project generation by the local public sector to get the allocated money spent.

#### Effects of the recession on implementation

The effects of the global economic recession started in Finland in the second half of 2008 but the collapse in exports and production took place in the first half of 2009. The immediate effects of the recession were strongest in regions specialized in exports, especially pulp and paper, other parts of the forest industry, metal products, machinery and electronics. However, the effect spread fast to manufacturing SMEs subcontracting to the large exporting companies as well as to business services and logistics.

The recession affected ERDF programmes in all regions. The main effect has been to slow down progress but some adjustments to the programmes have also been made. Because the role of ERDF resources is much more critical for development in the Eastern and Northern Finland than in the South and West the situation has raised more concern in these areas. Unemployment rates were already high in some regions in Eastern and Northern Finland before the recession. Programme coordinators are accordingly worried of whether the ambitious objectives of structural change via innovation and growth clusters can be reached. The unexpected closures of plants and decline of production and employment in many regions has made it difficult to carry on the development of certain business clusters which are dependent on export industries. Initiatives were introduced to shift the emphasis from growth towards supporting SMEs to overcome the recession. The present programme structure is quite flexible with respect to adaption needs. The allocation between priorities has not changed. However, the Government has decided to increase the sums for commitments and expenditure for the years 2009, 2010 and 2011 at the cost of later years to speed up the realisation of programmes. The increase was intended to be used for projects in particular which serve to increase employment. The implications of this decision were not clear when the 2009 AIRs were published.

In all regions the demand for enterprise support declined rapidly when the recession started. SMEs postponed investment, R&D and export promotion projects. However, from the point of view of the programme progress, this balanced the high demand of support in 2007 and 2008. The Ministry of Labour and the Economy decided that during the recession the weight attached to priority 1 was shifted temporarily to support of viable SME in order to keep them in business. Economic prospects had already started to improve and the demand for enterprise support to increase in the second half of 2009. There were also some cases of firms using the opportunity to start R&D and other development projects when demand declined, freeing up resources for innovation activities (AIRs 2009; Karjalainen et. al 2010).

By contrast, for the priority “innovation and networking” the recession gave rise to only a minor change in the demand for finance. Although the demand of firms for cooperation projects declined, there were no significant change in the activity and financing possibilities of public sector research centres, universities and colleges. The reason for expenditure lagging behind the schedule in the South, West and North is due to the general difficulty of obtaining suitable project initiatives rather than the recession.

In the case of the priority “infrastructure and environment”, the role of municipalities is critical in organizing and financing projects, which typically involved fixed investment. In Finland, the revenue of municipalities comes from municipal income tax, corporation tax, property tax and grants from the government (including transfers between municipalities). The recession led to a rapid worsening of the financial position of municipalities because of falls in receipts from income and company taxes. Municipalities reacted by cutting investment, causing several ERDF

co-financed project to be postponed or become uncertain. On the other hand, the Government has not (so far) reduced finance for investment but on the contrary, accelerated many infrastructure projects to combat the recession. Regions hope that the falling revenue of municipalities will be compensated<sup>15</sup> by State financing but there is no guarantee of this given that the Government plans to cut expenditure in the next few years.

All the regional programmes include a reserve for unexpected structural changes. The amount is decided annually and has been set at around 5% of total allocation. The reserve has been used in most cases where a large manufacturing plant has closed down with severe effects on the local community. The support is used for trying to create compensating economic activity, for retraining workers who have lost their jobs and for other labour market activation measures.

## **ACHIEVEMENTS OF THE PROGRAMMES SO FAR**

### **Core indicators**

The measurable achievements of projects in ERDF programmes are ‘steered’ by programme-level core indicators which all have pre-defined quantitative targets:

- the number of new enterprises and, separately, those run by women;
- the number of new jobs as well as the number going to men and women;
- the allocation of ERDF resources (in terms of EUR and in relation to total ERDF) to R&D activities);
- the number of new R&D jobs;
- the allocation of ERDF resources (% of total ERDF) to projects supporting the Lisbon strategy;
- the allocation of ERDF resources (% of total ERDF) to projects supporting equal opportunities;
- the allocation of ERDF resources (% of total ERDF) for environmental projects.

In addition, all programmes include an indicator relating to the Baltic Sea strategy from 2009 on, in the form of the allocation of ERDF resources (% of total ERDF) to projects supporting the strategy. However, there is no defined target value for this indicator.

The programmes (in the AIRs) also report progress as measured by of several indicators of regional development, like population changes, employment and unemployment, and indicators of business activity.

---

<sup>15</sup> Administrative rules allow the shift of financing shares between municipalities and the state because they belong both to the national public sector.



There was much discussion about the relevance and role of steering indicators by the evaluators, administrators, coordinators and politicians during the 2000–2006 programming period 2000–2006. The general view of the evaluators and regional programme coordinators interviewed is that the core indicators of the ongoing programmes represent a sensible and informative set. The principal role of the core indicators is to indicate the performance of the programmes relative to the objectives. However, they do not directly indicate the impact of the programmes on the industrial or social–economic structure and development of regions. Analysis and interpretation of the indicators and additional information are needed to draw conclusions about the impact of the actions.

### Results shown by key indicators

A summary of the core indicators of the ERDF programmes is presented in Annex Table C.

The aim is to support 900–2,000 **new enterprises** per programme during the period 2007–2013. The meaningfulness of the target can be gauged by the fact that, for example, in Eastern Finland: the number of all new enterprises created was around 3,000 a year in 2007–2009. The target of new firms to be created through ERDF support is 2020 for the period 2007–2013, or 290 firms a year. The implication is that the ERDF target is to support around 10% of all new firms, or 20 % of new firms which are really new businesses<sup>16</sup>, in Eastern Finland.

By the end of 2009, Eastern Finland had reached 59% of the target for the whole period (the realisation rate) while in the Southern region, the figure was 52%, in Western Finland, 35% and in Northern Finland 31%. The realisation rate of new enterprises run by women was slightly higher than the total for all firms in Southern Finland but lower in other regions. The target of new firm creation through ERDF support has, therefore, been well achieved in Eastern and Southern Finland while in Western and Northern Finland, the rate lags behind the time elapsed (43%) at the end of 2009.

The targets for **new job creation** vary from 4,200 in Southern Finland to 13,200 in Eastern Finland. In the case of Eastern Finland the target means about 1,900 jobs a year while the estimated the number of people employed declined by 3,000 a year in net terms from 2006 to 2009<sup>17</sup>. This means that the target is challenging and that, if realized, the jobs created through ERDF support are really important for the region. The rate of creation of new jobs was by the end of 2009: SF 69%, WF 41%, EF 63% and NF 47%. The rates are high in Southern and Eastern Finland and relatively high in the other two regions when related to the time which has elapsed.

---

<sup>16</sup> It should be noted that all new firms do not become economically active and a significant part of new firms continue the business of an earlier firm. A rule of thumb is that approximately a half of new firms start real new business (based on data from Statistics Finland).

<sup>17</sup> Source: Statistics Finland (annual averages of labor force study 2010). Note: from 2006 to 2008 the employment was stable while there was a decline of 9000 in 2009.

The rates of job creation for women are systematically lower than for the total. In addition to measurement problems<sup>18</sup>, the main reason is that a disproportionate number of male-dominated industrial firms apply and get a significant share of enterprise support.

The majority of new enterprises and new jobs have been created through the support to enterprises<sup>19</sup> priority in all programmes.

The emphasis in all programmes is put on support to R&D and other innovation activities. Overall, 64% of ERDF resources<sup>20</sup> are planned to be allocated to innovation activities over the whole programme period. Innovation activities are divided between two priorities: support to enterprises (direct support for SMEs for R&D etc.) and support to innovation and networking (support to networking activities and transfer of knowledge; R&D in research centres). However, in the steering indicators, R&D is defined on a project basis (and more narrowly than innovation activities in the Policy paper on Innovation<sup>21</sup>). The target share of the ERDF allocation to **R&D** varies from 15.5% in Southern Finland to 35% of Eastern Finland. The realised share was 46% in Southern Finland and around 20% in the other regions at the end of 2009. Eastern Finland lags well behind the relatively ambitious target because of the shortage of firms and research centres capable for initiating suitable R&D projects.

The target of new **R&D jobs** varies from 150 in Western Finland to 1,000 in Northern Finland. For Northern Finland, this would represent 9% of existing R&D jobs (10,600<sup>22</sup> in 2008, 83% of which are in Oulu region).

Only 12% of the target of R&D jobs had been reached in Northern Finland and 9% in Eastern Finland by the end of 2009, while the figure was 33% in Eastern Finland and 51% in Western Finland, where the targets were lower. However, there have been problems in the indicator database with respect to R&D jobs and the figures may be unreliable<sup>23</sup>.

The target for the allocation of ERDF resources to projects supporting the **Lisbon strategy** varies from 76% in Northern Finland to 86% in Eastern Finland. Realisation rates lag behind the target in Southern and Northern Finland while they are close to it in Western and Eastern Finland.

---

<sup>18</sup> A lot of jobs are not created exclusively for females or males.

<sup>19</sup> Note the comment about the dead weight connected with support to enterprises and its effect on net job growth (in section 3).

<sup>20</sup> Based on wide definition of innovation activity applied in the Policy paper in innovation (Applica & Ismeri Europa)

<sup>21</sup> Expert Evaluation Network (2010)

<sup>22</sup> Source: Statistics Finland

<sup>23</sup> A part of the R&D job figures had not been updated in the indicator data base by the end of 2009.

In all programmes, the target for the share of the ERDF allocated to **environmentally-friendly** projects is around 20%. By the end of 2009, this target had been well exceeded in all programmes, the realised shares varying narrowly from 34% in Western Finland to 37% in Southern Finland. The criteria for defining a project as environmentally friendly have been clarified and improved compared with the previous programming period. Consequently, the indicator has a more reliable basis than before.

The allocation of resources to projects promoting **equal opportunities** has proceeded relatively satisfactorily in all regions in relation to the target.

The resources allocated to projects supporting the **Baltic Sea strategy** varied from 19% in Western to 53% in Northern Finland.

It should be noted that the indicator results of R&D allocation, R&D jobs, the Lisbon strategy allocation, environmental friendliness, equal opportunities and the Baltic Sea strategy represent commitments by the end of 2009. Consequently, the indicator values (% of allocation or jobs) are independent of the commitment rate. On the contrary, the indicators representing the number of new firms and new jobs created in relation to the target for the whole period depend on the realised commitment rate.

### SECTION 3 – EFFECTS OF INTERVENTION

The experts of regional development and policy interviewed agree that in Finland there is no systematic analysis of the *overall* effects of ERDF intervention on regional development or in changing the structure of regional economies. There are several complications which make it difficult to estimate the strength of the effects. In addition to the ERDF there are two groups of other policy measures which affect regional developments. First, there are national development programmes and other national regional policy measures and, second, policies for agriculture, transport, energy, higher education, employment and social aims which allocate large amounts of resources to the regions. Regional policy affects regional developments in combination with all these policy measures and it is difficult to separate the contribution of ERDF programmes alone.

Urbanisation and concentration of economic activities is a strong trend in regional economic development. In Finland, urbanisation started late and the country still lags behind most other countries, especially in Northern and Western Finland. Almost all of the experts interviewed<sup>24</sup> pointed out that it is difficult to change this through regional policy.

---

<sup>24</sup> listed in section INTERVIEWS.

The global economy affects regional developments extremely strongly. In the case of Finland many disadvantaged remote regions are closely involved in global markets via the wood and metal industries and mining which are strongly influenced by global economic fluctuations. The global economy has caused major structural changes in regional economies in Finland since 1990. ERDF interventions, as part of regional policy have had an effect on these developments, but they have not been able to change the trend, at least in the most disadvantaged regions.

## SECTION 4 – EVALUATIONS AND GOOD PRACTICE IN EVALUATION

### 4.1. Evaluation evidence – Effects of support in different policy areas

While there is no evaluation evidence on the global effects of ERDF intervention, there are several studies which provide interesting results on the effects of support in different *areas of intervention*. The study of Ottaviano, Kangasharju and Maliranta (2009) is a firm level investigation with a close connection to the direct support from ERDF to enterprises in the previous programming periods. The other studies referred to below are general studies without a direct link to ERDF programmes, but their results bear on the relationship of innovation inputs and infrastructure with regional development.

#### *Effects of support to enterprises*

Direct support to enterprises consists mainly of support for firms starting up and for investment in physical capital and new technologies, as well as in marketing, export promotion, R&D and other innovation activities. The main targets of ERDF programmes, new firms and new jobs, are to a large extent based on direct support to enterprises. According to an evaluation study of the previous programming period (Laakso et al. 2005) the primary importance of the support does not lie in the direct impacts on value added or employment but in the effect of the projects on the competitiveness and productivity of enterprises in the disadvantaged regions. The results of the study indicate that support to investment projects do create new jobs and increase the turnover of enterprises. The steering indicators and initial results from the ongoing programme (Karjalainen et al. 2009) also show that investment projects are successful in creating new jobs. Nevertheless, in manufacturing the new jobs created in SMEs have not been able to compensate for the decline of jobs in large manufacturing companies. The study of Ottaviano et al.<sup>25</sup> (2009) indicates that the firms in disadvantaged regions receiving non-

---

<sup>25</sup> The study is based on an exceptionally large firm level panel data administered by Statistics Finland, covering the years 1997–2007. The data makes it possible to analyze carefully the productivity (value added per employee) level differences and productivity change in time between different types of regions (Objective 1 & 2 v.s. “white” regions). They also analyze the effect of R&D support on productivity because the data contains firm level information on public R&D support. Firms having not received any support are used as reference group. R&D support is a grant either from Regional Centre for Economic Development etc. or from TEKES and the support rate is higher in disadvantaged than in advantaged regions. The analysis is based on econometric methods designed for panel data.

innovation support (mainly for physical investments) are on average more productive than non-supported firms. However, the support does not lead to any faster productivity growth among supported firms than among non-supported ones. In addition, the support does not lead to any reduction in the productivity difference between firms in disadvantaged and advantaged regions. Consequently, direct support to firms for purposes other than innovation seems to lead to an increase in turnover and employment of the firms concerned but not to any increase in their productivity over and above what it would have been without support.

In the case of direct support to enterprises the dead weight effects are significant as regards both investment support and support for firm development (Laakso et al. 2005; Karjalainen et al. 2009). A consequence of the dead weight effects is that the net amount of new jobs created by the help of the support is lower than indicated by the steering indicators which do not take this into account. However, the effect is less strong in disadvantaged regions (which are the main focus of the ERDF) where alternative financing sources are more difficult to obtain.

#### *Effects of innovation support*

There are several studies providing evidence on the positive effects of public support to innovation on firms and regional economies<sup>26</sup>. This kind of evidence gives strong support for public inputs into R&D and other innovation activities and for using innovation activities as an instrument of regional policy.

The Ottaviano et al. (2009) study shows that the relationship between public R&D support and firm level productivity is complicated, and that increased public R&D inputs do not automatically lead to the expected effects in disadvantaged regions. According to the study, productivity is lower in disadvantaged than advantaged regions and the gap widened over the period 1997–2007. The firms which received R&D support are on average more productive than non-supported firms both in advantaged and disadvantaged regions. However, the average productivity of the firms supported relative to not-supported firms fell in disadvantaged regions during and after the support was given while in advantaged regions productivity rose. 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. On the basis of their results the authors criticize the criteria for R&D support applied in Finland and especially the policy of higher support rates in disadvantaged regions. This criticism is one of the main points made in the international evaluation of the Finnish innovation system (Min. of Employment and Economy 2009). The results can also be interpreted in another way: R&D support has had a positive influence on the productivity of firms in disadvantaged regions as

---

<sup>26</sup> TEKES (2008) report “The effects of innovation activity” contains a summary of the studies on the theme.

well as elsewhere, and the support has slowed down the widening of the productivity gap between the advantaged and disadvantaged regions.

So far as support to innovation and networking is concerned, there are no scientific studies available in Finland about their effects on regional development. Most of the experts interviewed are suspicious about the real influence of projects in this priority. On the other hand, one of the experts pointed out that there are several pioneering projects going on which could lead to significant effects in the regions concerned in the long run if they are successfully implemented.

#### *Effects of transport infrastructure support*

The importance of accessibility for the competitiveness of regions has been demonstrated by many theoretical and empirical studies<sup>27</sup>. It is especially important in a relatively large and sparsely populated country like Finland where distances are long and economic activity is concentrated around the Southern and Western coast. For this reason Eastern and Northern Finland have a disadvantaged geographical position for economic development. Huovari (2001) and Piekkola (2006) show that transport distances from Helsinki are a significant explanation of productivity in NUTS 4 regions in Finland. Uimonen & Tuominen (2008) produce results indicating the significant effect of regional transport infrastructure on firm level productivity.

The effects of the ongoing infrastructure projects in the present programming period will be realised only in the long run after the projects have been completed. For example, the projects for improving the Karelian railway in the Northern Karelia region will result in a marked increase in the speed in the rail connection between the region and Helsinki (and other centres in Southern Finland) after 2013. This will improve the accessibility of Northern Karelia and, almost certainly, the competitiveness of the region.

A conclusion to be drawn from of these and several other studies is that investment in improvements in the accessibility (including telecommunication) of disadvantaged regions probably has a positive effect on regional development. Accordingly, it is open to question whether the policy in ERDF programmes to limit infrastructure investment mainly to relieving bottlenecks in accessibility is sensible.

#### **4.2. Evaluations of ERDF programmes in the period 2000–2006**

The results of the evaluations on the 2000–2006 programming period were used in planning the evaluation strategy for the 2007–2013 period.

Mid-term evaluations were the main focus of programme evaluations. They were carried out separately for each ERDF programme (two Objective 1 and three Objective 2 programmes) with

---

<sup>27</sup> In Finland Huovari et al. 2001; Piekkola 2006; Uimonen & Tuominen 2008

the same approach and timetable. The evaluations covered widely all aspects of the programme, including strategy, administration, implementation, results and effects. They were undertaken by independent external expert teams which were selected through tendering. Evaluations were based on programme and project documents, monitoring indicators, statistics on regional development, interviews with programme coordinators and other key administrators, and questionnaires to project leaders and to members of regional Management Committees. The evaluations turned out to have a lot of overlap with the AIRs produced by the regional programme coordinators and other administrators.

Mid-term evaluations were complemented by thematic evaluations, such as innovation activities of the programmes and sector based evaluations. On the whole, the evaluations produced a great deal of information about all aspects of the programmes. The suggestions for change in the future were used for improving the implementation of the programmes and for planning the 2007–2013 period. However, the procedure was commonly considered excessively heavy and resource-consuming relative to the benefits.

The national regional development programmes, like the Regional Centre Programme<sup>28</sup> and Centre of Expertise Programme, applied a different approach in evaluation in the same period. For example the Regional Centre Programme 2000–06 organised a continuous evaluation process lasting throughout the period and producing brief thematic reports once or twice a year on specific topics. This approach made it possible to identify problems in implementation and open them to general discussion. This made it easier to revise the implementation of the programme during the programming period.

### **4.3. Evaluation of ERDF programmes in the period 2007–2013**

As compared with the previous programming period, the Competitiveness and Employment Objective for the 2007–2013 period sets out a more flexible approach to evaluation. In Finland the evaluations<sup>29</sup> of ERDF are carried out during 2009–2013 as an integrated process covering all the four programmes of mainland Finland. The evaluation will be made in parts, the first part in 2009–2011 and, according to the plan, the second part in 2011–2013. The evaluation consists of thematic studies covering all regions of mainland Finland with reports twice a year. The evaluation consortium for the first period consists of three teams, each specialized in certain themes. The evaluators are independent, outside experts, selected by tendering. The

---

<sup>28</sup> A national development programme aiming at developing and networking of regional urban centres. The programme started in 2002 and was integrated to the national cohesion and competitiveness programme in 2010.

<sup>29</sup> The authors of this paper belong to one of the evaluation teams (Accessibility and environment) and participated also the evaluation of the previous period.

aim is to concentrate on a broader, more strategic view of the implementation than in the AIRs. The purpose is to extend (but not to repeat) the information in the AIRs which are a kind of inside evaluation report produced by the programme administrators. The main goal of the evaluation is to answer the question: how well do the strategies of the programmes meet the development needs of the regions and how successful is the implementation in fulfilling the strategic objectives?

There are four themes in the evaluation which include the following special questions under each:

1. Support to enterprises:
  - competitiveness and productivity of enterprises;
  - R&D and other innovation activities;
  - Internationalization;
  - networking between firms and other relevant organizations; developments of core clusters;
  - development of environmentally friendly products and production methods.
2. Support to innovation and networking and transfer of knowledge:
  - regional expertise and knowledge structures; their functionality and coordination;
  - intraregional (between NUTS 3 regions) thematic projects;
  - development of indicators.
3. Support for accessibility and environment:
  - the additional value of infrastructure projects connected with accessibility;
  - new service and communication solutions.
4. Environmentally sustainable development:
  - the realization of the objectives concerning environmental effects and sustainable development in all priorities;
  - the functioning of the instruments and procedures, like the evaluation of environmental effects;
  - consideration of indicators.

Selection criteria of projects and their application are studied in all themes. In addition, all teams must consider the following aspects relating to implementation:

- the relationship between the National Strategic Reference Framework and regional ERDF programmes, for example the need to update the strategic objectives because of changes in economic conditions;
- coordination between ERDF and ESF programmes, between ERDF finance and national finance and between ERDF and national regional policy measures; examples of best practice;



- realization of the objectives concerning equal opportunities in the implementation; examples of best practice;
- efficiency of administration and the realization of the client's view; examples of best practice;
- development of indicators; critical consideration of existing indicators and suggestions for new ones, if relevant (for example in the case of networking and environmental effects).

The evaluation teams are required to work in cooperation to benefit from interaction and to avoid overlap in their work. The teams undertook a common interview study of regional programme coordinators and other regional key administrators in 2009. Altogether 21 interviews were carried out covering all themes of the evaluation. A common questionnaire (via internet) was sent to members of regional Management Committees in 2010. A special questionnaire study was carried out among the firms receiving direct support in 2009.

Much effort is devoted to case studies. Selected case study projects (around 20 in all) were followed during the evaluation period to obtain information on their outcomes and results from the point of view of the organizations responsible, financiers and others connected with the project. A specific aim is to examine the impact of the project on firms and inhabitants in the region(s) concerned<sup>30</sup>. Case studies of the innovation and networking priority were selected by region and policy area in order to examine the interaction and networking between projects.

Some case study projects will be selected as cases of good practice if they turn out to be sufficiently successful. An important aspect of the analysis for all the themes is to distinguish between programme regions.

The evaluation will also examine the impact of programmes on regional development. This analysis will be based on the interpretation of results of case studies, questionnaires and steering indicators. However, the evaluation does not include an impact study in the sense that it is described at the end of section 3.

#### *Outputs from evaluations*

The evaluators have produced several working reports during the project, which are based on interviews and analysis of the project data base and steering indicators. In the first phase of the evaluations, the following issues were considered: the relevance of the strategic choices; possible changes in emphasis and implementation in the programmes as a result of the recession; the results of the programmes up to then; and analysis of programme indicators.

---

<sup>30</sup> For example, how large a group of firms participates a networking project and what is the intensity and benefit of the participation.

The conclusions so far are preliminary and strong recommendations about changes in implementation have not been presented.

The final reports of the first part of the evaluation will be produced in 2011. The results of case studies and conclusions about impacts on regional development will be presented in the final report, as well as suggestions for change in implementation during the remainder of the period. Conclusions concerning the next programming period have also been left for the final report.

An important role of the evaluation is to support the implementation process. This is done by presenting results and conclusions of the evaluation at different stages of the project, including successes and problems of implementation, and raising these themes in general discussion in meetings and seminars. The administrator in the Ministry of Labour and the Economics who is responsible for the evaluation says that the evaluation has succeeded well in supporting the process and supplying information for discussion.

The evaluators conclude that the ERDF programme structure in 2007–2013 has become simpler and clearer than in the previous period. In addition, the integration of EU cohesion programmes and national strategies, development programmes and other measures has succeeded better than in the 2000–2006 period. Analysis of the selection criteria and the contents of projects in the initial period indicate that the projects are in line with the strategic objectives of the programmes. Still, there is lack of good project initiatives which is partly due to the restrictions caused by region and priority based resource allocation.

#### *Lessons and recommendations from evaluations*

In the report of the ongoing evaluation concerning the Support to enterprises priority (Karjalainen et al., 2010), the evaluators raise the following points: Due to the economic recession more emphasis should be given in the allocation of resources and selection of projects to supporting the vitality and continued operation of SMEs instead of growth. At the same time more resources are needed for services supporting the growth, internationalisation and clustering of SMEs. Larger project consortiums should be given priority. It is important to carry on supporting investment (not only R&D).

The evaluation on the priority of Promoting innovation, networking and strengthening knowledge structures (Pathan & Hjelt 2010) points out the difficulty of identifying the effects or even the results of innovation cluster projects. The authors conclude that analysis of clusters, regional expertise centres, innovation environments and networking cannot be based purely on the information from the project level. Instead, the analysis should be based on wider and more diversified consideration of the regional concentration of expertise and their activities. The evaluation will proceed in this direction when going further. The evaluators also point out that some of the basic indicators, e.g. the sum of R&D expenditure, are highly dependent on general macroeconomic conditions and the effects of the support of programmes on them is difficult to

measure. Instead, the number of participating firms is an important indicator of the networking effects of a project but the quality of the data needed to be ensured. Some of the thematic intra-regional (between NUTS 3 regions within NUTS 2) projects have turned out to be successful, for example the NorthRULL project in Northern Finland<sup>31</sup>.

The evaluation of the Regional accessibility and the environment priority (Terävä et al. 2010) also considers the difficulty of identifying the effects of the infrastructure or environmental projects and tries to find alternative approaches in case studies for project level evaluation and indicators<sup>32</sup>. Evaluators find it positive that many projects have been planned and carried out in cooperation, and interaction, with local communities. New forms of social media have been applied in some projects for communication and delivering information.

### *Evaluation reports*

ERDF and Finland's Cohesion Fund strategy 2007–2013 evaluation 2007–2010:

- Karjalainen, J., Valtakari, M., Haila, K., Uusikylä, P. and Kytölä, L. Theme 1: Support to enterprises. Unpublished.
  - Halonen, M., Hjelt, M., Pathan, A. and Pursula, T. Theme 2: Support to innovation activities and networking and strengthening of knowledge structures.
  - Vuorela, M., Lähteenmäki-Smith, K., Terävä, E., Laakso, S., Kilpeläinen, P. and Kytölä, L. Theme 3: Improving accessibility and operative environment of regions. Unpublished.
- Halonen, M., Hjelt, M., Pathan, A. and Pursula, T. Theme 4: Environmental effects and sustainable development. Unpublished.

### *Conclusions*

According to experience so far the new integrated and thematic approach adopted in the present programming period supports the implementation process. The evaluation has succeeded well in providing information for discussion. 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 working reports have provided only initial conclusions and no strong recommendations for changes in implementation have been presented so far. There has also

---

<sup>31</sup> NorthRULL is a Triple Helix constellation of the Regional Councils and development agencies, the two universities and the HEI network, and the key enterprise clusters. The formulation "Northern Rural-Urban Living Lab" states the intention to experiment with, learn from, and put into effect forms of innovative interplay between ICT-intensive growth-hubs on the one hand and rural areas on the other.

<sup>32</sup> For example in the case of the evaluation of the project "Replacing the level crossings by crossing overs/unders in the Karelia railway" in Eastern Finland.

been no analysis of the impact on regional developments. Unfortunately, the approaches, methods and data give only limited possibilities to assess the effects of ERDF support on regional development and disparities between regions. The deeper impact analysis should be carried out separately from the programme evaluation which has emphasis in implementation.

The ongoing evaluation of the ERDF programmes includes several elements of good practice. However, its quality from the point of view of good practice criteria can be valued only after the final report has been published.

#### **4.4. Suggestions for improvements and final considerations**

Programme evaluations of ERDF (both from the previous period and the ongoing one) provide a lot of information on the results of the programmes. The successful implementation of programmes is a necessary but not sufficient condition for long-lasting regional effects. However, the experts of regional development and policy interviewed agree that in Finland there is no systematic analysis of the effects of ERDF intervention on regional development or in changing the structure of regional economies. The usual approach in evaluations is to collect and analyse data of project supported and to carry out interviews and questionnaire studies with project leaders, programme administrators and other actors inside the system, in addition to examining steering indicators. This does not allow for comparative analysis between beneficiaries and non-beneficiaries or between disadvantaged and advantaged regions which would be necessary for conclusions concerning real effects to be drawn. The usual conclusion in several evaluation reports is that the results of the programmes influence regional development in the right direction or prevents it from going in a wrong direction with respect to the objectives of the programmes, but the size of the effect cannot be estimated. Suggestions for improvements of impact analysis of programmes are presented at the end of this section.

The objectives of regional policy in Finland, including of ERDF programmes, are to strengthen the competitiveness and vitality of regions, reduce different in the rate of development between regions and help regions meet the specific challenges they face. There is need for evidence to indicate whether or not the programmes have a significant impact in these regards. The evaluation studies in the earlier programming periods produced some results which are relevant in this respect. However, their main focus was on the implementation and measurable results of programmes. So far there has been no evaluation study in Finland connected with ERDF programmes with realistic possibilities to assess on a scientific basis the real effects of the programmes on regional development. This is also the case as regards the ongoing evaluations.

Studies of the effects of regional policy should cover both EU programmes and national measures supporting regional development (broad regional policy). The impact studies should be based on data for both supported and non-supported regions and firms. The Ottaviano et al. (2009) study on the effects of direct support to enterprises (based on micro level panel data

of individual firms) is an example of an analysis which gives new insights into impacts. This kind of approach should also be applied to other measures in addition to direct support to enterprises, especially to innovation and clustering projects.

## **SECTION 5 – CONCLUDING REMARKS – FUTURE CHALLENGES**

The emphasis of the ERDF 2007–2013 programmes is to support innovation activities, and these receive almost two-thirds of the total allocation. In addition to innovation, ERDF support is allocated to other kinds of enterprise support (new firm creation, investment in SMEs, business services) and to infrastructure and the environment. The amount of ERDF finance relative to total R&D expenditure or relative to infrastructure investment is marginal at national level but it is significant in the disadvantaged regions, especially in Eastern and Northern Finland.

The implementation of ERDF programmes has proceeded well or at least satisfactorily according to the core indicators of the programmes up until the end of 2009. The delay in the start of programmes because of administrative and technical complications explains why expenditure is lagging behind schedule in some regions and in the case of some priorities. The economic recession has affected the implementation to some extent, especially by reducing the demand for enterprise support and the possibilities of municipalities co-financing infrastructure and environmental projects. The allocation of funding in the programmes has been revised slightly but the strategic objectives of the programmes have not been changed. The expectation among the programme coordinators is that the recession will not have a permanent effect on their implementation. However, the relatively low commitment and implementation rates also indicate lack of good project initiatives in the regions and problems of organizing suitable projects. Strict allocation of resources between regions and priorities tend to lead to the authorities in the various regions generating projects to ensure that funding allocated is spent.

### **Views of programme coordinators on programme implementation**

A large group of programme coordinators were interviewed during the ongoing evaluation of ERDF programmes<sup>33</sup>.

In general, the experts approve of the high priority and large amount of resources allocated to innovation activities in the programmes. Both direct support to firms and support to clustering and networking activities are considered important. The recession has caused uncertainty about the financing of some strategic projects. Some experts are worried about the continuity of activities, especially concerning new research organizations whose income is based on finance

---

<sup>33</sup> List in section INTERVIEWS

from the ERDF and other sources. There were also comments about the quality and real effects of some networking projects, though they considered the overall quality of the projects good.

Direct support to firms is considered important but many project coordinators admit that there is no reliable knowledge about the effects of the support. The allocation of support to enterprises is demand driven. Consequently, economic fluctuations affect demand and cause shifts in the take-up of funding during the programme period.

There are marked differences between regions with respect to the role of the ERDF in infrastructure investment. In Eastern Finland a lot of resources are allocated to improving the rail network and speeding access to Helsinki and other major centres. This is considered critical for the development potential of the region. In Northern Finland, infrastructure investment related to the development of tourism is prioritized. In Southern and Western Finland, the ERDF is used for transport investment only in exceptional cases for tackling evident bottlenecks.

### **Effects of programmes**

A group of leading experts on regional development and policy were also interviewed. The general view is that the ERDF programmes, as part of regional policy, may have made a positive contribution to many activities but they have not been capable of altering the powerful trends towards concentration of population and economic activity in the major centers nor countering the strong effects of global economic fluctuations on the regions in Finland.

However, ERDF programmes have improved the relative position of regional university centers which are large enough to have critical mass to undertake significant innovation activities and for helping to diversify the industrial structure. At the same time the relative position of remote rural areas has worsened. Nevertheless, ERDF programmes have contributed to the development of rural SMEs and an improvement of living conditions of the people living in rural areas.

One of the main objectives of regional policy in Finland is to narrow the difference in development between regions.<sup>34</sup> However, the Government has not made explicit which particular features of development are concerned. Some of the experts say that the objective should be restricted to differences in disposable income, availability of local and regional services and other preconditions of welfare but not the concentration of economic activity itself. However, this is a sensitive issue in Finland and there is no political consensus about it, or agreement between experts.

Some experts see a permanent conflict between national efficiency and regional equity in the allocation of resources to innovation support. Experts disagree about the role of rural areas and

---

<sup>34</sup> The Government's National Development Targets for 2007–2011; NSRF 2007–2013.

small manufacturing regions with respect to innovation activities. One view is that the critical mass necessary for R&D and systematic innovation activities can be found only in major urban areas, not in remote rural or small manufacturing regions. For this reason, support for innovation should be concentrated in the regions best able to use them effectively. The opposite view is that the potential capacity for innovative activities can be found in all regions and, accordingly, rural and small manufacturing regions should also have access to innovation support on the basis of their areas of specialization and capacity to use the resources concerned.

External experts criticize the inflexibility and heavy organisation of ERDF programmes with predefined allocation of finance between regions. Some of the experts consider that the system leads to a waste of resources on inefficient projects. They suggest a more flexible programme structure, in which support is allocated on an individual basis to firms, communities and individuals according to the proposals they make without a predefined allocation between regions.

### **Future challenges**

An initiative for a new regional development strategy for 2020 was prepared in the Ministry of employment and the Economy in cooperation with regions and the research community in 2009–2010. The main aspects of the vision are:

- The provision of good preconditions for the welfare of all inhabitants wherever they live; a good environment; the possibilities for everyone to work and study; democracy; multicultural society;
- Competitiveness in the global economy based on specialisation and utilization of the expertise of regions;
- Networking between regions, firms and other organisations;
- Narrowing the development gap between regions;
- Sustainable development.

The strategy contains several suggestions to reform regional policy, including:

- Simplifying administrative procedures and strengthening cooperation between sectors at all levels;
- Developing more flexible and differentiated policy measures in line with the specific needs of regions;
- Updating objectives and policy measures annually on the basis of continuous evaluation of results of policies.

## Conclusion

The objectives of regional policy in Finland, including ERDF programmes are to strengthen the competitiveness and growth potential of regions, reducing differences in rates of development between regions and overcoming the specific challenges facing them. It is arguable that it is unrealistic to affect significantly differences in development rates between regions by means of ERDF programmes or national measures. If national competitiveness is the objective, then regional policy should not even aim to slow down the process of urbanisation and concentration of economic activity in the most competitive regions. Instead, regional policy should concentrate on supporting the growth potential of the most disadvantaged regions. There are many regions in Finland where there are no realistic preconditions for growth policy, where a lack of growth has been a fact for a long time. In these regions support should be targeted at maintaining services for the people living there and supporting enterprises which are naturally suited to operating there.

Another important task of regional policy is to help meet the specific challenges facing regions, for example in the small and middle sized urban regions, structural changes due to closure of plants or job cuts in manufacturing. In these regions policy should support the start-up and growth of new industries, as it does in the present ERDF programmes.

One of the main problems in the ongoing programmes is that the strict allocation of resources between regions and priorities tends to lead to local governments generating projects simply to spend the funding available. This is perhaps indicated by the relatively low commitment rates and more especially the implementation rates in most regions. This problem has been pointed to by a number of independent experts of regional development. Consequently, in the case of Finland, there is need to make EU Cohesion Policy objectives more flexible and to integrate them even better into national regional development policy.

A suggested change in the system in the next period is as follows: The regional (NUTS-2) programmes and the regional (NUTS-3) zoning within programmes should be ended. Instead, the projects should be selected at national level on the criterion that they make a positive contribution to one or more disadvantaged regions or tackle a specific regional problem, but without restricting the where applicants are located. This model would increase competition between project initiatives and make the quality of projects higher. In addition, the model would give priority to the most active disadvantaged regions relative to more passive ones. In addition, there should be a special allocation for the most disadvantaged regions. At the same time the policy areas for intervention should be limited so that the emphasis is on those which turn out to be most effective in the current programme.



## REFERENCES

Applica, Ismeri Europa & The Vienna Institute for International Economic Studies. 2009. Ex Post Evaluation of Cohesion Policy Programmes 2000–2006 financed by the European Regional Development Fund in Objective 1 and 2 Regions. Work package 1: Coordination, analysis and synthesis. Task 4: Development and achievements in Member States. FINLAND. DG Regio.

Huovari, J. & Kangasharju, A. & Alanen, A. 2001. Alueiden kilpailukyky (The Competitiveness of Regions). Pellervon taloudellisen tutkimuslaitoksen raportteja n:o 176.

Laakso, S., Itkonen, K., Kilpeläinen, P., Kuisma & Ritsilä, J. 2005. Arviointitutkimus EU:n rakennerahasto-ohjelmista kaupp- ja teollisuusministeriön hallinnonalalla. (Evaluation Study in the EU Structural Fund Programmes in the Administrative Branch of the Ministry of Trade and Industry). Ministry and Trade and Industry 9/2005.

Loikkanen, H. A. & Riihelä, M. & Sullström, R. (2007): Tuloerot ja tulonjako alueittain: jakautuiko Suomi 2000-luvulla? (Income differences and income distribution in regions: Was Finland divided in 2000s? An article in Taimio, H. (ed.): Talouskasvun hedelmät – kuka sai ja kuka jäi ilman, TSL, Tammer-Paino.

Ministry of the Interior. 2007. Suomen rakennerahastostrategia 2007–2013 (Finland's Cohesion Fund strategy 2007–2013). CCI 2007 FI 16 UNS 0001.

Ottaviano G.I.P, Kangasharju A. & Maliranta M. 2009. Local Innovative Activity and Regional Productivity: Implications for the Finnish National Innovation Policy. In Evaluation of the Finnish National Innovation System, Full Report. Ministry of Employment and the Economy.

Piekkola, H. 2006. Osaaminen kasvun lähteenä: Seutukuntien kilpailukyky. (Expertise as a source for growth: the competitiveness of regions.) Työpoliittinen aikakauskirja 2/2006.

Statistics Finland. 2009. Development of productivity in the national economy 1976–2009.

TEKES. 2008. Innovaatiotoiminnan vaikutukset. Osaamista, uudistumista, kasvua ja hyvinvointia. (Effects of innovation activity. Expertise, reforms, growth and welfare.)

Uimonen, S. & Tuovinen, T. 2008. Tieinfrastruktuurin vaikutukset teollisuuden tuottavuuteen Suomessa. (The effects of road infrastructure on the productivity of the industry in Finland.) An article in Honkatukia, J. (ed.) Liikenteen kansantaloudelliset vaikutukset. Liikenne- ja viestintäministeriön julkaisuja 25/2008.

### **Programme documents 2007–2013**

CCI 2007 CB 16 3 PO 020. Baltic Sea Region Programme 2007–2013.

CCI 2007 CB 16 3 PO 020. Baltic Sea Region Programme 2007–2013. Annual Implementation Report 2008.

CCI 2007 CB 16 3 PO 027. Northern Periphery Programme 2007–2013.

CCI 2007 CB 16 3 PO 027. Northern Periphery Programme 2007–2013. Annual Report 2008.

CCI 2007 CB 16 3 PO 032. Interreg IVA Pohjoinen (Northern).

CCI 2007 CB 16 3 PO 032. Interreg IVA Pohjoinen (Northern). Årsrapport 2008 (Annual Report 2008).

CCI2007 CB 16 3 PO 066. Central Baltic Interreg IVA Programme 2007–2013.

CCI2007 CB 16 3 PO 066. Central Baltic Interreg IVA Programme 2007–2013. Annual Report 2008.

CCI 2007 FI 16 2 PO 001. Alueellinen kilpailukyky ja työllisyys -tavoite. Itä-Suomen EAKR – toimenpideohjelma 2007–2013. (EASTERN Finland Regional Competitiveness and Employment Objective Programme 2007–2013).

CCI 2007 FI 16 2 PO 001. Alueellinen kilpailukyky ja työllisyys -tavoite. Itä-Suomen EAKR – toimenpideohjelma 2007–2013. Vuosiraportti 2009. (EASTERN Finland Regional Competitiveness and Employment Objective Programme 2007–2013. ANNUAL REPORT 2009).

CCI 2007 FI 16 2 PO 002. Alueellinen kilpailukyky ja työllisyys -tavoite. Pohjois-Suomen EAKR – toimenpideohjelma 2007–2013. (NORTHERN Finland Regional Competitiveness and Employment Objective Programme 2007–2013).

CCI 2007 FI 16 2 PO 002. Alueellinen kilpailukyky ja työllisyys -tavoite. Pohjois-Suomen EAKR – toimenpideohjelma 2007–2013. Vuosiraportti 2009. (NORTHERN Finland Regional Competitiveness and Employment Objective Programme 2007–2013. ANNUAL REPORT 2009).

CCI 2007 FI 16 2 PO 003. Alueellinen kilpailukyky ja työllisyys -tavoite. Länsi-Suomen EAKR – toimenpideohjelma 2007–2013. (Western Finland Regional Competitiveness and Employment Objective Programme 2007–2013).

CCI 2007 FI 16 2 PO 003. Alueellinen kilpailukyky ja työllisyys -tavoite. Länsi-Suomen EAKR – toimenpideohjelma 2007–2013. Vuosiraportti 2009. (Western Finland Regional Competitiveness and Employment Objective Programme 2007–2013. ANNUAL REPORT 2009).

CCI 2007 FI 16 2 PO 004. Alueellinen kilpailukyky ja työllisyys -tavoite. Etelä-Suomen EAKR – toimenpideohjelma 2007–2013. (Southern Finland Regional Competitiveness and Employment Objective Programme 2007–2013).

CCI 2007 FI 16 2 PO 004. Alueellinen kilpailukyky ja työllisyys -tavoite. Etelä-Suomen EAKR -toimenpideohjelma 2007–2013. Vuosiraportti 2009. (Southern Finland Regional Competitiveness and Employment Objective Programme 2007–2013. ANNUAL REPORT 2009).

CCI 2007 FI 16 2 PO 005. Operativt program för Europeiska regionala utvecklingsfonden på Åland 2007–2013. (ÅLAND Regional Objective Programme 2007–2013).

CCI 2007 FI 16 2 PO 005. Operativt program för Europeiska regionala utvecklingsfonden på Åland 2007–2013. Årsrapport 2008. (ÅLAND Regional Objective Programme 2007–2013. ANNUAL REPORT 2009).

Karjalainen, J., Valtakari, M., Haila, K., Uusikylä, P. and Kytölä, L. EAKR - toimenpideohjelmien ja kansallisen rakennerahastostrategian 2007–2013 arviointi vuosina 2007–2010. Teema 1: Yritystoiminnan edistäminen. 7.5.2010. (ERDF and Finland's Cohesion Fund strategy 2007–2013 evaluation 2007–2010. Theme 1: Support to enterprises.) Unpublished.

Halonen, M., Hjlet, M., Pathan, A. and Pursula, T. EAKR -toimenpideohjelmien ja kansallisen rakennerahastostrategian 2007–2013 arviointi vuosina 2007–2010. Hankevalinnan arviointi. Teema 2: Innovaatiotoiminnan ja verkostoitumisen edistäminen ja osaamisrakenteiden vahvistaminen. Teema 4: Ympäristövaikutukset ja kestävä kehitys. 22.10.2009. (ERDF and Finland's Cohesion Fund strategy 2007–2013 evaluation 2007–2010. Theme 2: Support to innovation activities and networking and strengthening of knowledge structures. Theme 4: Environmental effects and sustainable development.) Unpublished.

Vuorela, M., Lähteenmäki-Smith, K., Terävä, E., Laakso, S., Kilpeläinen, P. and Kytölä, Liisa. EAKR-toimenpideohjelmien ja kansallisen rakennerahastostrategian 2007–2013 arviointi vuosina 2007–2010. TL 3: Alueiden saavutettavuuden ja toimintaympäristön parantaminen. 7.5.2010. (ERDF and Finland's Cohesion Fund strategy 2007–2013 evaluation 2007–2010. Theme 3: Improving accessibility and operative environment of regions.) Unpublished.

## THE EXPERTS' ROLE IN EVALUATIONS AND OFFICIAL STUDIES

Urban Research TA Ltd / Seppo Laakso and/or Päivi Kilpeläinen have participated to the following evaluation studies of EU Cohesion Policy programmes in Finland:

- The ongoing evaluation of the ERDF Regional Competitiveness and Employment Objective programmes 2007–2013 in Finland. Päivi Kilpeläinen and Seppo Laakso belong to the evaluation team.
- Ex Post Evaluation of Cohesion Policy Programmes 2000–2006 financed by the European Regional Development Fund in Objective 1 and 2 Regions. Work package 1: Coordination, analysis and synthesis. Task 4: Development and achievements in Member States. FINLAND. 2009. Applica, Ismeri Europa & The Vienna Institute for International Economic Studies.
- Laakso, S., Haukka, J., Kostiainen, E., Kuisma, H., Ritsilä, J. & Storhammar E. 2006. Aluekeskusohjelman tulokset ja vaikutukset – arviointi 2001 – 2006 (The results and effects of Regional Centre Programme – An Evaluation 2001 – 2006). Publications of the Ministry of the Interior 48/2006.
- Laakso, S., Itkonen, K., Kilpeläinen, P., Kuisma & Ritsilä, J. 2005. Arviointitutkimus EU:n rakennerahasto-ohjelmista kauppa- ja teollisuusministeriön hallinnonalalla. (Evaluation Study in the EU Structural Fund Programmes in the Administrative Branch of the Ministry of Trade and Industry). Ministry and Trade and Industry 9/2005.
- Laakso, S., Kilpeläinen, P. & Kuisma, H. 2005. Tavoite 2 –ohjelmien väliarvioinnin ajantasaistamisen teema-arviointi – Yrityksiä tukevan innovaatiotoiminnan, osaamisen ja verkottumisen vahvistaminen tavoite 2 –ohjelmissa. (The Objective 2 theme evaluation: Innovation activities, strengthening of know-how and networking which supports the companies in the Objective 2 programme.)
- Laakso, S., Itkonen, K., Kilpeläinen, P., Kuisma, H., Littunen, H. & Ritsilä, J. 2003. Länsi-Suomen tavoite 2 –ohjelma 2000–2006. Väliarviointi. (Western Finland Objective 2 programme 2000–2006. Mid-term evaluation). Urban Research and the University of Jyväskylä, Department of Economics.

## INTERVIEWS

### Interviews of programme coordinators

#### Western Finland:

Pentti Kuikka, kehittämisspäällikkö (development manager)

Pirjo Peräaho, ohjelmapäällikkö (programme manager)

Jukka Alasentie, aluekehitysjohtaja (regional development director)

Marja Karvonen, aluekehityspäällikkö (regional development manager)

#### Eastern Finland:

Henrik Rissanen, aluekehitysjohtaja (regional development director)

Riitta Koskinen, kehittämisjohtaja (development director)

Juhani Kärkkäinen, aluekehitysjohtaja (regional development director)

Satu Vehreävesa, ohjelmapäällikkö (programme manager)

Juha Pulliainen, työllisyys ja yrittäjyys vastualueen päällikkö (manager responsible for employment and entrepreneurship)

#### Northern Finland:

Tuija Puumala, EU koordinaattori (EU coordinator)

Heikki Laukkanen, ohjelmakoordinaattori (programme coordinator)

Pentti Malinen, kehitysjohtaja (development director)

Heikki Ojala, aluekehityspäällikkö (regional development manager)

Kaj Lyyski, kehitysjohtaja (development director)

Maiju Hyry, kehittämisjohtaja (development director)

Samu Rytkönen, erikoissuunnittelija (special planner)

#### Southern Finland:

Marja Koivula, kehittämisjohtaja (development director)

Merja Rossi, EU koordinaattori (EU coordinator)

Carola Gunell, erikoissuunnittelija, EU koordinaattori (EU coordinator)

Ilmi Tikkanen, aluekehitysjohtaja (regional development director)

Juha Haapaniemi, aluekehitysjohtaja (regional development director)

### Interviews of outsider experts of regional development and policy

Hannu Katajamäki, professor, University of Vaasa

Heikki A. Loikkanen, professor, University of Helsinki

Sami Moisio, professor, University of Oulu

Hannu Tervo, professor, University of Jyväskylä

## TABLES

See Excel file for Tables 1, 2, 3 and 4.

Table 1: Regional disparities and trends

Table 2: Macro-economic developments

Table 3: Financial allocation by main policy area

Table 4: Commitments by main policy area

**Annex Table A – Competitiveness and Employment Objective, regional ERDF programmes for 2007–2013 ERDF funding (total and per capita) and its division (%) by priority and region**

	Region					
	Southern	Western	Eastern	Northern	Åland	Total
Total allocation 2007–13, EUR million	138	159	366	311	3	977
EUR per capita, total 2007–13	52	118	561	483	112	183
Division by priority (%)						
Promoting business	22.5	35.8	42.6	36.0		36.4
Innovation and networking	21.0	39.6	35.8	37.3		34.7
Accessibility and environment	21.0	17.0	17.2	22.8		19.4
Urban regions	5.1	4.4				1.4
Thematic development	26.8					3.8
Entrepreneurship and innov.					100	0.3
Technical assistance	3.6	3.1	4.4	3.9	0.0	3.9

**Annex Table B – Competitiveness and Employment Objective, regional ERDF programmes for 2007–2013 Commitment rate of ERDF (31 Dec. 2009)**

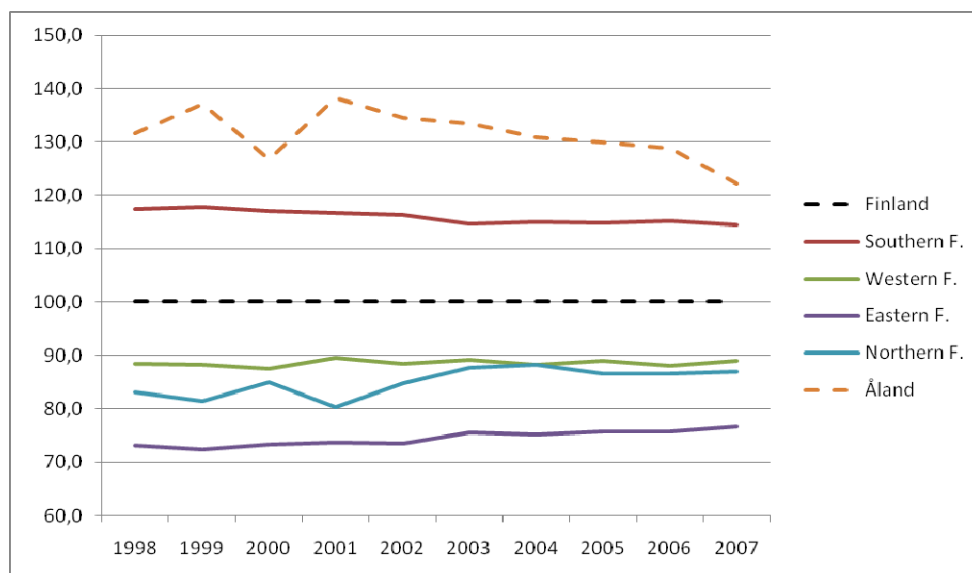
	Region					
	Southern	Western	Eastern	Northern	Åland	Total
Total allocation 2007–13, EUR million	138	159	366	311	3	977
Commitments by 31 Dec. 2009, EUR million	44	53	159	118	1	375
Commitment rate (comm.% of total)						
Total	31.9	33.3	43.4	37.9	47.3	38.4
Promoting business	46.2	41.4	45.2	42.3		
Innovation and networking	32.4	28.8	45.2	32.3		
Accessibility and environment	27.5	30.1	45.1	41.4		
Urban regions	34.4	17.4				
Thematic development	27.4					
Entrepreneurship and innov.					47.3	

**Annex Table C – Core indicators by region**

Region	Southern		Western		Eastern		Northern	
Core indicator	Target 2007–13	31.12.2009 % of target	Target 2007–13	31.12.2009 % of target	Target 2007–13	31.12.2009 % of target	Target 2007–13	31.12.2009 % of target
Number of new enterprises	920	52	2 000	35	2 020	59.2	1 500	30.5
female	247	64	720	33	710	52.7	630	21
New jobs (man years)	4 200	69	9 800	41	13 230	62.8	11 000	47
female	1 575	62	3 920	25	5 210	43.1	4 200	39.5
New R&D jobs (man years)	290	33	150	51	800	8.6	1 000	12.3
Core indicator	Target % of total ERDF	31.12.2009 of total ERDF(%)	Target % of total ERDF	31.12.2009 of total ERDF(%)	Target % of total ERDF	31.12.2009 of total ERDF(%)	Target % of total ERDF	31.12.2009 of total ERDF(%)
R&D allocation	15.5	46.4	17.5	22	35	20	25	22.2
Allocation for projects promoting equal opportunities	17.4	14	10	11	11	12.7	10	8.3
Allocation for environmentally positive projects	18.5	37	20	34	20	34.4	20	36.2
Allocation for projects supporting Lisbon strategy	80.5	73	81.1	79	85.7	79.9	76.2	68
Allocation for projects supporting Baltic Sea strategy		36		19		44.9		52.6

## ANNEX

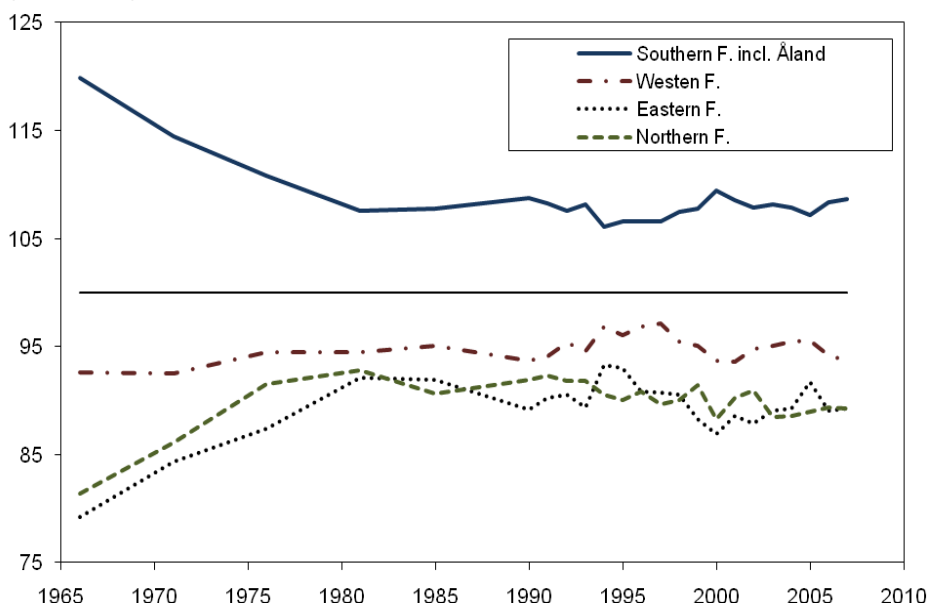
**Figure 1 – GDP per capita in NUTS 2 regions in Finland 1998–2007 (Index Finland total = 100)**



Source: Statistics Finland

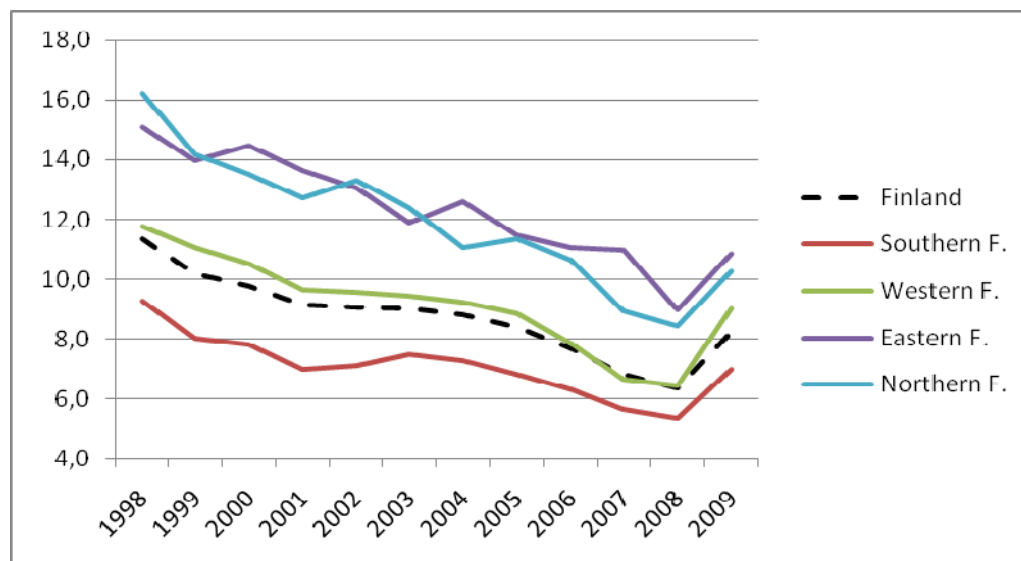
**Figure 2 – Disposable income per capita in NUTS 2 regions in Finland 1965–2007 (Index Finland total = 100)**

Index (Finland=100)

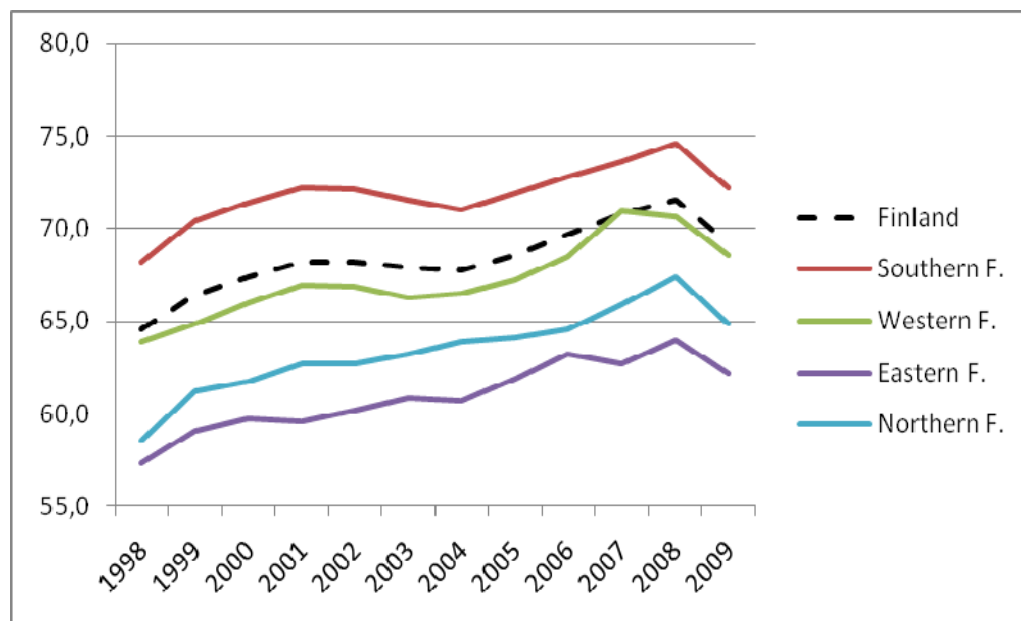


Source: Loikkanen. Riihelä. Sullström. 2007



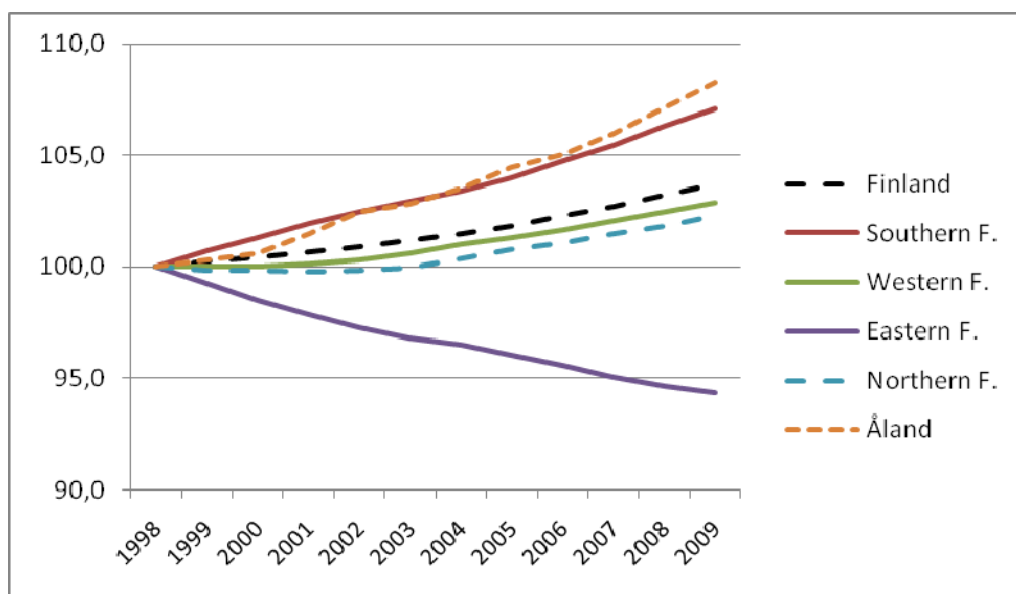
**Figure 3 – Unemployment rate (%) in NUTS2 regions in mainland Finland 1998–2009**

Source: Statistics Finland. labour force study

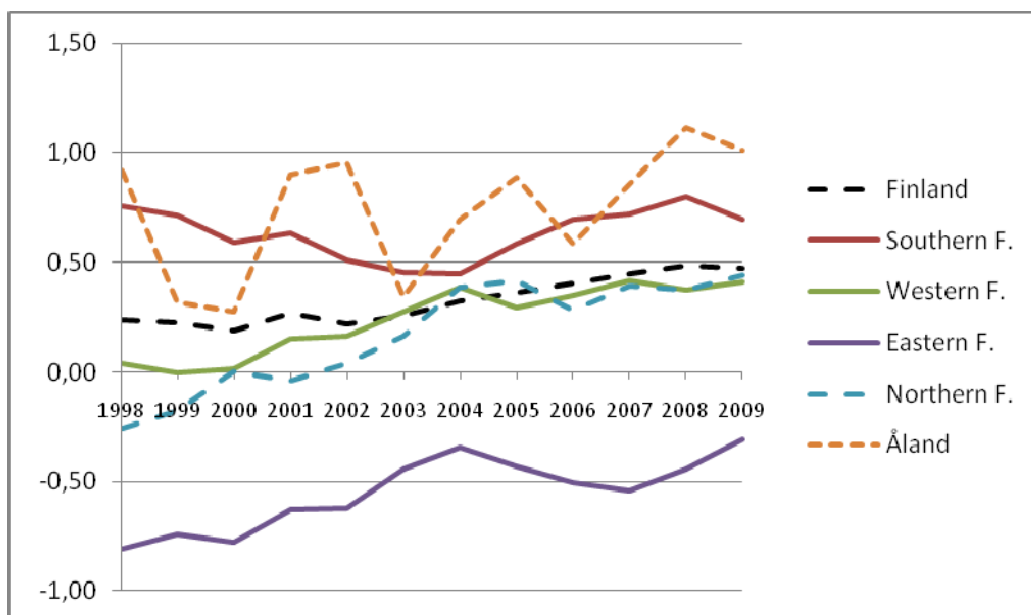
**Figure 4 – Employment rate (employed % of 15–64 years old population) in NUTS2 regions in mainland Finland 1998–2009**

Source: Statistics Finland. labour force study

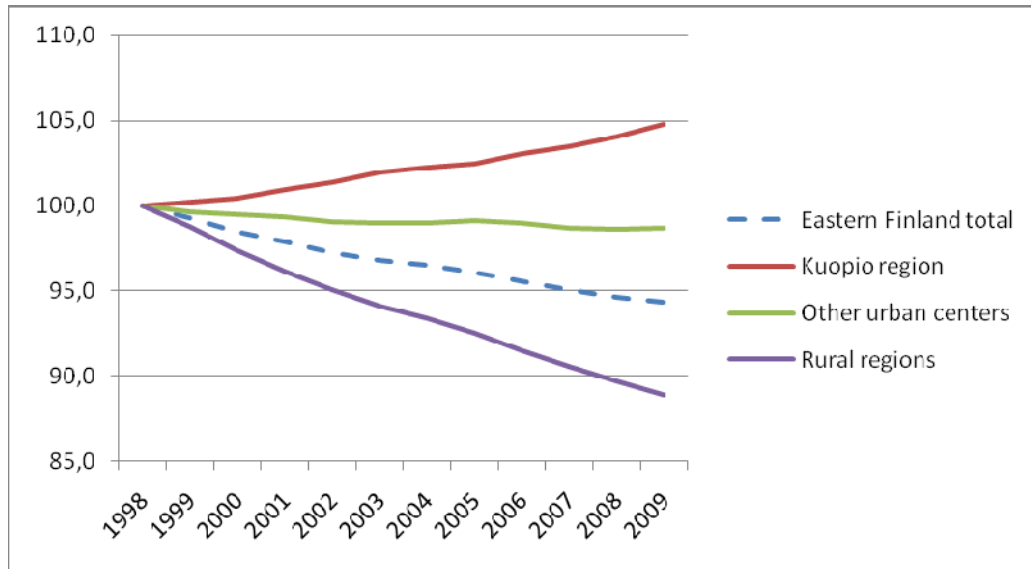
**Figure 5 – Population in NUTS2 regions in Finland 1998–2009 (index 1998=100)**



**Figure 6 – Annual population changes in NUTS2 regions in Finland 1998–2009 (% of population)**



**Figure 7 – Population in Eastern Finland by region type 1998–2009 (index 1998=100)**



**Figure 8 – Population in Northern Finland by region type 1998–2009 (index 1998=100)**

