

**EXPERT EVALUATION NETWORK
DELIVERING POLICY ANALYSIS ON THE
PERFORMANCE OF COHESION POLICY 2007–2013
YEAR 1 – 2011**

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

FINLAND

VERSION: FINAL

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

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LIST OF ABBREVIATIONS

- EF Eastern Finland
- ERDF European Regional Development Fund
- ESF European Social Fund
- ICT Information Communication Technology
- NF Northern Finland
- OP Operational Programme
- R&D Research and Development
- SF Southern Finland
- SME Small Medium Enterprise(s)
- TEKES Finnish Funding Agency for Technology and Innovation
- WF Western Finland

EXECUTIVE SUMMARY

Regional policy consists of the combination of both national policy measures and EU Cohesion Policy programmes. Finland has been allocated EUR 1,596 million under the Competitiveness and Employment objective of which the share of ERDF is EUR 977 million for the period 2007–13. The objectives, priorities and allocation of resources have remained unchanged in regional ERDF programmes in spite of changes in the economic environment caused by the recession. No essential changes in the programmes were made in 2010. The regions are in general satisfied with the strategy and objectives of the programmes. There is almost no pressure for major changes to be made in the remainder of the programming period.

The commitment rates of regional programmes in mainland Finland are reasonably high, varying from 50% to 59% of the budget allocated at the end of 2010, and major progress was made during 2010. However, the rates of expenditure are still relatively low, 20%–28%. In spite of the relatively flexible programme structure the main problem has remained: strict allocation of resources between regions and priorities to be spent within a fixed period of time lead to forced project generation by public authorities at local level.

ERDF support contributed to the creation of 10,300 new jobs by the end of 2010 which is 27% of the target for the whole programming period. More than one third of new jobs went to women. In addition, the ERDF helped to create 1,100 business start-ups (33 % run by women) which is 17% of the target for the programming period. If the projected results of the projects based on subsidised loans are included the number of new jobs and especially business start-ups are much bigger.

It has been estimated that the ERDF was responsible for increasing the employment rate in Eastern Finland by 0.5 of a percentage point and in Northern Finland by only slightly less which has helped to reduce the gap in rates with the other regions. This is important because low employment is the main problem in the disadvantaged regions in Finland. In Eastern Finland the stock of enterprises was increased by 3% as a result.

Four thematic evaluations of mainland Finland ERDF programmes were completed in June 2011. The evaluations analyse the implementation process and its coherence with respect to the strategy and objectives of the programmes relatively well and provide material for discussion. However, none of the evaluations cover the effects of support on regional development, although the processes leading from results to effects are assessed and described in conceptual terms.

The new Government programme is not based on principles or includes measures which would significantly change the strategy, structure or administration of on-going ERDF programmes. However, planned budget cuts may affect the realisation of programmes. The Government plans to cut among other things national direct support to enterprises markedly. This is supported by some recent studies which criticise the inefficiency of the

present support system because of large deadweight effects and concentration of support on a small group of established firms. While this may not affect the present ERDF programmes a great deal it may influence the priorities for the next period.

Both regional stakeholders and outsider experts agree that there is need to continue the programme based regional policy in Finland in the future, with the same kind of objectives and strategy as in the present period. However, it is argued that the system should be made even more focused and flexible than at present.

1. THE SOCIO-ECONOMIC CONTEXT

Main features of regional disparities

- The regions of Finland differ markedly in industrial structure and economic development because of geographical and historical influences.
- The concentration of production and population in the Helsinki region and other major urban areas in Finland has continued over several decades.

Differences in GDP per capita have been relatively stable over the past 10 years while they narrowed remarkably from the 1960s to the 1990s.

Table A – Main characteristics of NUTS-2 regions in Finland

	Southern F.	Western F.	Eastern F.	Northern F	Åland
Share of country's population (%)	50	25	12	12	0.5
GDP per head (nat.=100)	114	90	76	88	123
Regional structure and specialisms	urban & industrialised	semi-urban & industrialised	rural, agriculture & forest ind.	sparsely populated; ICT & tourism	small region; shipping & logistics

Economic recession and the recovery in Finland

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 8.2% in 2009, more than in the EU27 (-4.3%). Before the recession Finland's GDP growth exceeded the average rate of EU27 for several years. Exports and production have recovered since 2009 and GDP increased by 3.1% in 2010 and 3.9% in the first half of 2011¹ but the growth rate is expected² to slow down remarkably in the 2nd half and in 2012. The employment has followed the production trend with a lag: employment declined by 2.9% in 2009 and 0.4% in 2010 while there was an increase of 1.2% (p.a.) in the first half of 2011.

The government reacted to the recession by stimulus measures in 2009 and 2010, among others by allocating extra subsidies for housing renovation projects and accelerating infrastructure investment. There was substantial surplus in public sector balance until year 2008, living room for reactive policy. However, public sector balance became negative in 2009 and 2010 and the public debt started to increase fast, consequently³.

The new Government in Finland was nominated in June 2011. In the Government program one of the main priorities is balancing the public economy by cutting public expenditure and increasing public income by increasing taxes and via selected measures aiming at

¹ Compared with 1st half of 2010. Initial data from Statistics Finland.

² e.g. Ministry of Finance and several research institutes

³ See Table 2 in the Excel file.

stimulating the economy. Some of the major targets of expenditure cuts in the Government budgets may affect regional development, like cuts of grants to municipalities for local services, grants of universities and other higher education, military costs (garrisons located in regions), transport investments, agriculture and direct support to enterprises.

Recent regional developments

The recession affected all regions⁴ in Finland but there are differences between regions in the strength of the effect and the timing and degree of recovery. The differences in influences between regions are related to their industrial structure. The recession and recovery were export-driven and consequently, the regions having high share of export manufacturing or logistics faced drastic cuts in production in the recession but most of these regions also experienced fast increase after the export demand started to increase again. Meanwhile, regions with high share of agriculture, manufacturing for domestic market and public services faced more moderate changes of production during the recession and in the recovery after it.

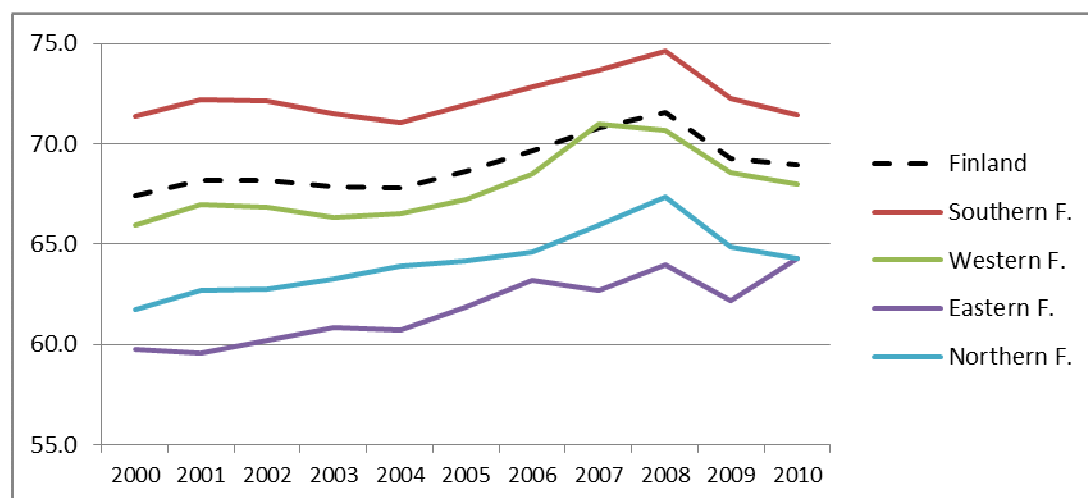
There are differences between industrial sectors in the developments and this is related with the effects in regions. The paper and wood industry has experienced a global structural change for several years. The recession speeded the process but was not the main reason for it. There have been several plant closures in Finland during the last 10 years, causing major shocks in the regions concerned, typically small urban manufacturing regions. Production of machinery and electric products experienced a drastic collapse and then fast recovery due, respectively to the decline in global investment in the recession followed by rapid growth as global demand recovered while in electronics and ICT services ("Nokia cluster") the global competition and changes of market shares have caused the production and employment to continue declining in 2010 and 2011. This has affected especially those urban regions which are national ICT centres, Helsinki (Southern Finland), Tampere (Western Finland), Oulu (Northern Finland) and Salo (Southern Finland).

In general, Southern and Western Finland are most dependent on export while in Eastern Finland the effect of decline in export is milder. Data of employment (Figure 1) and unemployment rates⁵ indicate that Eastern Finland experienced a smaller decrease in the employment rate as well as a smaller increase in the unemployment rate from 2008 to 2010 than the other regions. The indicators available so far indicate that the gap in employment and unemployment rates between regions have diminished especially after the recession. Also the population decline due to migration deficit in Eastern Finland slowed down while in Southern Finland migration surplus declined.

⁴ Regional statistics is available until year 2010 of employment, unemployment and population while GDP is available only until 2008 (in August 2011).

⁵ See Annex Figures on GDP per capita, unemployment and population trends included at the end of the report.

Figure 1 – Employment rate (% of population 15–64 years) in NUTS–2 regions of mainland Finland



2. THE REGIONAL DEVELOPMENT POLICY PURSUED, THE EU CONTRIBUTION TO THIS AND POLICY ACHIEVEMENTS OVER THE PERIOD

THE REGIONAL DEVELOPMENT POLICY PURSUED

Main features of regional development policy and the role of ERDF

- The regional development policy⁶ “aims to strengthen regional competitiveness and economic growth, which ensures that the regions can operate efficiently in an open economy. This can be achieved by improving the expertise of regions and developing their own strengths. The aim is also to secure the basic regional infrastructure and the standard of service. At the same time, the aim is to create a balanced regional structure which keeps all the regions viable and enables a smoother economic growth and employment throughout the country.”
- Regional policy consists of the combination of both national policy measures and EU’s cohesion policy programmes for the period 2007–2013.
- Finland has been allocated EUR 1,596 million under the Competitiveness and Employment objective of which the share of ERDF is EUR 977 million for the period.
- There are five regional ERDF programmes, one for each NUTS 2 region.
- The main priorities in the four regional ERDF programmes of mainland Finland are:
 - support to enterprises
 - promoting innovation, networking and strengthening knowledge structures
 - regional accessibility and the environment

⁶ National Development Targets of the Government for years 2007–2011 (Ministry of the Interior 2007). Citation from the English summary of the Regional Development Act.

- in addition, a priority for major urban regions in Southern and Western Finland and for thematic development in Western Finland.
- In Åland ERDF funding is used for one priority only, entrepreneurship and innovation.
- Finland participates in six programmes under the Territorial Cooperation Objective and is responsible for the administration of Central Baltic Interreg IVA programme.

Stability of priorities and allocation in ERDF programmes

The objectives, priorities and allocation of resources have remained stable in regional ERDF programmes in spite of the changes in economic environment caused by the recession. No essential changes⁷ in the programmes were decided in 2010.

The demand for direct support to enterprises for investments and R&D projects declined especially in Eastern and Northern Finland due to the recession. SMEs became careful and found it difficult to get the private finance share for the projects. Consequently, there was only little increase in commitments for these projects, especially in Eastern Finland. This was compensated by shifting temporarily⁸ financing from direct enterprise support to projects like infrastructure, environment and networking which are typically managed and co-financed by local and regional public authorities. At the same time the allocation frame for years 2009 and 2010 was increased at the cost of later years, to stimulate regional economies. However, the AIR-2010 of Itä-Suomi ERDF warns that if the activity of firms for investments and R&D and the consequent demand for enterprise support does not return back to the level of years 2007–08 there will be pressure to change permanently the allocation frame between priorities.

Regional ERDF programmes include a reserve for support⁹ of regions facing unexpected structural shocks. The allocation for this purpose was 5% of the total in all regional programmes in the mainland in 2010. Ten regions (defined at NUTS-4 level) have the status of a structural shock region in 2010, due to a closure of a big plant or a large cut in employment.

Principles of regional policy of the new government

The new Government (nominated in June 2011) will be responsible for regional development policy for the rest of the on-going programme period and the preparations for the next period, provided it stays in power for the 4-year parliament period. In the Government program there are several standpoints concerning regional policy¹⁰:

⁷ Some rather technical changes were made, e.g. changed definition of borders of challenging regions in Western Finland.

⁸ The priority Accessibility and environment “borrowed” resources from the priority Support to enterprises and “pays them back” during the remaining period. See the commitment figures 2010 and 2009 below.

⁹ To be used for re-education of personnel, attracting new business, supporting new activities etc. in addition to state grants.

¹⁰ Many of the standpoints are based on the initiative for a new regional development strategy for 2020, prepared by the Ministry of employment and the Economy in cooperation with regions and the research community in 2009–

- Regional policy should be based on both national objectives and regional weightings based on special characteristics of each region.
- The relations between central administration and regional administration will be clarified and made more consistent.
- A special development programme for Eastern and Northern Finland will be prepared.
- The practices of solving the problems of regions faced by unexpected structural shock will be improved.
- Partnership policy in major urban regions will be developed, based on contracts between the state and regional actors (municipalities, regional development organisations, universities and other higher education institutions etc.).

The program does not include principles or measures which would change essentially the strategy, structure, allocation frames or administration of the on-going ERDF programmes for the period 2007–13. However, planned budget cuts during years 2012–15 may affect the realisation of the programme, especially:

- Direct support to enterprises is planned to be cut by EUR 110 million which may reduce R&D subsidies to firms allocated by TEKES (Finnish Funding Agency for Technology and Innovation)¹¹.
- The regional development money of Regional Councils will be cut by EUR 20 million which has a minor effect on national public finance of ERDF.
- State grants to municipalities will be cut by EUR 631 million¹² which may affect their financing possibilities in ERDF projects, typically transport infrastructure, environment, tourism and local networks and services.

POLICY IMPLEMENTATION

Main findings of the country report 2010

- The Government decided to increase the allocation for years 2009–11 at the cost of later years to speed up the realisation of programmes.
- Southern and Western Finland lagged behind the plan while Northern and Eastern Finland were well on schedule with respect to commitments in the end of 2009.
- The implementation rates were relatively low in all regions. The average implementation rate was 12% by end-2009.

2010. The Government programme includes also outlines for the next programme period which are summarised in section 5.

¹¹ TEKES is one of the domestic public sector financing organizations of ERDF programmes responsible for allocating finance to research organizations and enterprises for research and development.

¹² This cut will be partly compensated by changing cost and tax income divisions between the state and the municipalities.

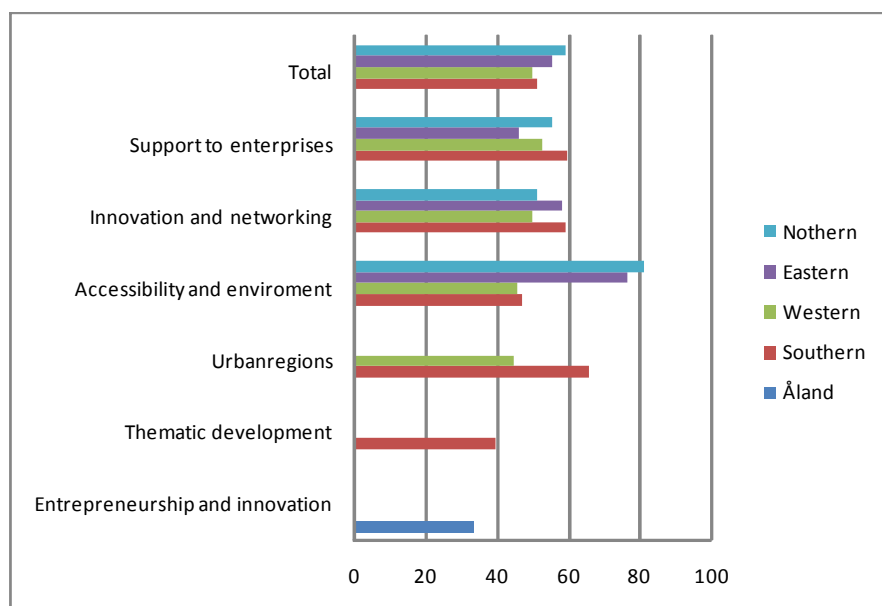
Commitments and implementation of regional ERDF programmes¹³¹⁴

Commitments relative to the total allocation of ERDF financing for the whole period (commitment rates) at end-2010 vary from 50% in Western Finland (end-2009 33%), 51% in Southern (end-2009 32%), 56% in Eastern Finland (end-2009 43%) and 59% in Northern (end-2009 38%) (see Annex Table B and Ba). All regions are catching up on schedule despite the delay in the start of the programmes and the economic recession in 2009–2010. The decision of the Government to increase the sums for commitments and expenditure for the years 2010 and 2011 at the cost of later years to speed up the realisation of programmes has also affected positively the catching up on schedule.

In Southern Finland the rate was highest (66%) for the priority “urban regions” while rates for other priorities were around 47–59%. In Western Finland there are no significant differences in commitment rates between priorities (all 45–52%). In Eastern and Northern Finland the rate was highest (EF 77%, NF 81%) for the priority “accessibility and environment” while rates for other priorities were around 46–60%. (Annex Table C).

The private funding is lagging behind the schedule in all regions and most priorities: only Southern and Western Finland for the priority “support to enterprises” and Eastern Finland for the priority “innovation and networks” and the priority “accessibility and environment” are on schedule. The main reason is the economic recession. The share of private funding is highest in the “support to enterprises”.

Figure 2 – Commitment rate (%) by region and priority 31.12.2010



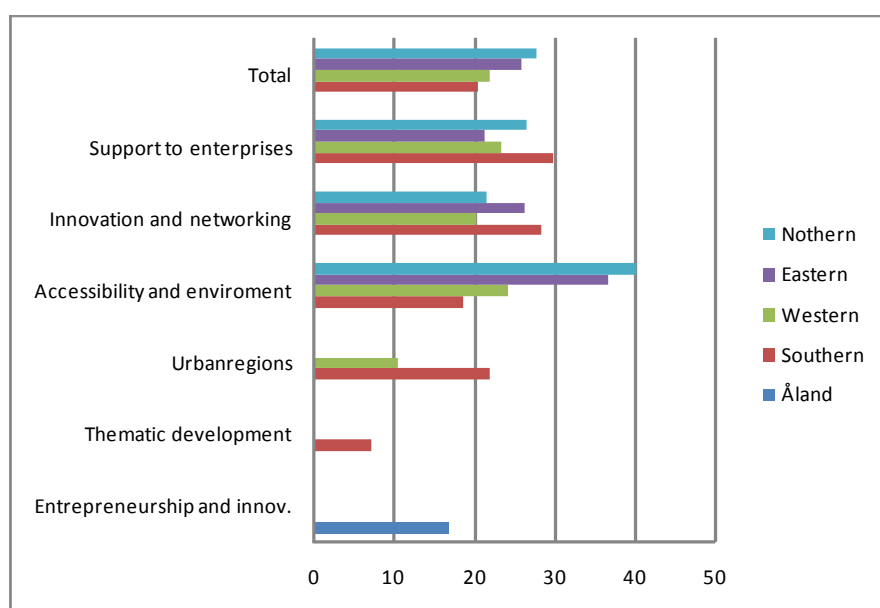
The implementation rate (expenditure carried out) by end of 2009 was relatively low in all regions (SF 10%, WF 11%, EF 16%, NF 13%). By the end of 2010 in comparison with the

¹³ The information concerning policy implementation is based on AIRs 2010 if no other source is mentioned.

¹⁴ Commitments and implementation of the Central Baltic Interreg IVA programme are dealt with in the end of Achievements sub-section.

national average implementation rates were still low in Southern and Western Finland (SF 20% WF 22%). The situation was slightly better in Eastern and Northern Finland (EF 26% and NF 28%). The implementation rate was highest for the priority “support to enterprises” in Southern Finland. In Eastern, Western and Northern Finland the rate was highest for the priority “accessibility and environment”. The delay in the start-up of programmes had still some effect on the implementation rate. Another reason is the recession which influenced the private funding in all regions and all priorities. In Eastern Finland “accessibility and environment” (priority 3) was very well on schedule due to shifts of funding from enterprise support to transport projects. However, implementation rate figures may understate actual expenditure on the ground since there may well be quite lengthy delays in certifying outlays.

Figure 3 – Implementation rate (%) by region and priority 31.12.2010



ACHIEVEMENTS OF THE PROGRAMMES SO FAR

Findings of evaluation reports

In all regions the main focus of ERDF **support to enterprises** is on the development of start-ups, growing and competitive enterprises and the promotion of their internationalisation and networking. New business opportunities are sought for arts and culture and other creative activities, service sector and women’s entrepreneurship. The instruments used are mainly business development assistance and support to R&D. The rates of support vary between regions the support being highest in the most disadvantaged regions¹⁵. In all regions the majority of support is allocated to industrial SMEs, which are typically metal, machinery and wood producing firms, to tourism (especially in Northern and Eastern Finland) and to business service SMEs.

¹⁵ ERDF support is mainly integrated with the national support system in the case of direct support to enterprises. ERDF funding is used to increase support rates in the disadvantaged regions.

According to the evaluation of the support to enterprises priority¹⁶ the current aim in all regions is to support innovative start-ups and the development of companies and their internationalisation. The evaluators examined the views of the main actors on the importance of the objectives in relation to the prevailing challenges and development needs of the region and on how these objectives have been supported by ERDF funding¹⁷. According to them, the importance of factors in relation to the challenges and needs, like the development of innovative start-ups and the internationalisation of companies, is not reflected in the allocation of funding.

Enterprise support is considered to be more important in Eastern Finland than in other regions. However, this seems to have received proportionately less ERDF support than other regions. In Southern Finland the role of ERDF funding seems to be less important for promoting business.

According to the evaluator, at national level it is possible to achieve the target of new jobs set by the OPs for the present programming period. At regional level, the number of new jobs created is already considered to be in line with the target in Northern Finland but in Eastern and Western Finland the target is unlikely to be reached. As the evaluators note, however, the competitiveness of enterprises might improve as a result of support without more jobs being created. The evaluators also consider that in contrast to previous estimates the target number of new enterprises will not be reached.

According to businesses, the biggest impact of support to enterprises is on improving competitiveness and productivity. Three out of four respondents surveyed considered these effects significant. The effect of support is least on internationalisation. No substantial differences were found between regions. Funding is considered important to support projects for improving the operational environment of enterprises and according to businesses the majority of projects would not have been implemented without funding. On the other hand, the majority of development measures funded from support for investment and R&D would have been undertaken in some form without ERDF funding. Deadweight was found to be larger in Southern and Western Finland than in the Eastern and Northern regions where rates of support are higher and the possibilities of obtaining alternative financing more limited.

Support for **innovation, networking and strengthening knowledge systems** is aimed at improving regional long-term sustainable development. Investment is targeted at increasing the use of human capital and new technology in enterprises. The beneficiaries can be research centres, universities, municipalities and development organisations.

According to evaluation of the support¹⁸, funding was considered to have stimulated cooperation between different organisations especially well and so programmes were

¹⁶ Karjalainen et al. 2011

¹⁷ The survey was conducted in autumn 2009.

¹⁸ Ahvenharju et al. 2011

considered to have made a valuable contribution to the emergence and maintenance of collaborative networks¹⁹. Similarly, funding was considered to be very important for the implementation of projects supporting innovation, networking and strengthening knowledge systems. Although the impact of funding was assessed to be very positive for the emergence of various knowledge and cooperation networks, respondents noted that more attention should be paid to the commercialisation of research results from projects and to the generation of businesses making use of high skills.

The **regional accessibility and environment** priority is aimed at improving the attractiveness of regions, preventing environmental risks and increasing accessibility. Funding is allocated mainly to tourism and cultural activities as well as to the environment and communal services. The role of municipalities is central in initiating, organising and financing projects. The priority differs from others in that there are substantial differences between regions in terms of the funding allocated. In both Eastern and Northern Finland the emphasis is on transport infrastructure (especially on the rail network in Eastern Finland), energy infrastructure, information society and tourism. In Southern and Western Finland, there is more emphasis on environmental protection, cultural activities and, especially in the Southern region, rural–urban relations.

In a survey of the secretariats of regional cooperation groups, the evaluators²⁰ asked how important the aims of the priority were the challenges and development needs of their region²¹, as well as how well these aims were being achieved at the time of the survey.

Respondents felt that development aims relating to environmental risk management and biodiversity were being best achieved, though, these were not priorities. Tourist-related development aims were also being achieved relatively well as compared with other targets.

The respondents considered regional accessibility to be an important objective, though one on which relatively little progress had been made. This was also the case as regards improving the business environment. The development target for welfare services seemed to be particularly challenging and limited progress had been made despite its perceived significance for improving the quality of the business environment of regions.

In addition, it is worth noting that in Eastern and Northern Finland the measures for improving regional accessibility and the environment were considered more important for development than in Southern and Western Finland, reflecting the differences in accessibility as compared with the other two regions. This is reflected in turn in the allocation of funding. In Eastern and Northern Finland, the emphasis is on the transport system (especially the rail network in Eastern Finland), energy infrastructure, information society and tourism. In

¹⁹ The evaluators asked the project managers or other responsible persons of the projects. The survey was carried out in spring 2010.

²⁰ Terävä et al. 2011

²¹ The query was conducted in spring 2010.

Southern and Western Finland, there is more weight given to environmental protection, cultural activities and, especially in the Southern region, rural–urban relations.

The evaluation of the cross-cutting themes of **environmental impacts and sustainable development**²² showed that sustainable development is perceived often only as an environmental aspect and equality only as relating to gender. The evaluators note that even though the aim itself is generally accepted, financiers and those implementing projects do not have a coherent vision about what sustainable development means in ERDF programmes. Similarly, while equality is considered important, its inclusion in ERDF programmes is deficient. Equally, the assessment of environmental impacts often lacks the necessary expertise and monitoring indicators do not make it possible to verify such impacts.

The Central Baltic INTERREG IV A Programme 2007–2013 is aimed at increasing co-operation across the borders of the Central Baltic Sea region. The main priorities of the programme are a safe and healthy environment, an economically competitive and innovative region and attractive and dynamic societies. According to the mid-term evaluation, the programme is likely to succeed in meeting its aims by the end of the period²³. However, the evaluators also noted that at the time of the evaluation many of the projects were at such an early stage that it was impossible to draw any firm conclusions about the achievements.

Core indicators

The core indicators can be classified into two main categories. First, there are those relating to the contribution of the ERDF to new jobs (and jobs for women), new enterprises (and enterprises run by women) and new R&D jobs. They are all closely linked to the main objectives of the programmes which concern employment and competitive businesses. If successfully implemented, the programme will lead to increased employment, more firms and higher R&D activity than without ERDF support.

Secondly, there are indicators which measure the share of resources allocated to projects promoting defined objectives: the Lisbon strategy, the Baltic Sea strategy, equal opportunities and environmentally friendliness. These indicators can be considered as minimalistic in the sense that they measure only the allocation and not the results of projects.

The AIRs also include several indicators of regional development like population change, employment and unemployment rates and measures of business activity. These are indicators of the change in the regional economic environment rather than the results or effects of programmes even though programmes might be expected to have an effect in this regard. The Central Baltic INTERREG IV A programme has its own financial targets and

²² Vaahtera et al. 2011

²³ Evaluation of the Central Baltic INTERREG IV A Programme 2007–2013

monitoring system including numerous qualitative and quantitative indicators to be achieved by 2015.

Comments on the indicators

The targets for new jobs, new enterprises and R&D jobs were initially set with different criteria in the regional programmes. Consequently, the realisation rates are not fully comparable between regions. An average “cost” in terms of public sector funding (EU plus national) of a new job or a new enterprise created would make it possible to make regional comparisons but this kind of calculation has not been made in the AIRs or evaluations. However, in Eastern and Northern Finland the targets for new jobs and new enterprises can be considered realistic but still relatively ambitious. If the targets are achieved – which is realistic – the programmes will have made a significant contribution to raising the employment rate and the stock of enterprises in these regions.

The monitoring system for new jobs and enterprises created has been improved since the previous programming period. Actual achievements of completed projects are available for projects managed by regional Centers for Economic Development, Transport and the Environment²⁴ and Regional councils²⁵. In addition, there are projects based on subsidized loans for SME's, managed by Finnvera. In this case ERDF support is used to lower the interest rate for the loan receiver in disadvantaged regions. However, their steering systems include only projected achievements even on completed projects²⁶. Consequently, there are reliability problems connected with the figures of Finnvera. It is estimated that the planned figures are about 20% higher than those realised. Still, Finnvera makes a major contribution to the creation of new enterprises and new jobs because the number of projects supported by Finnvera is large and the cost/project for the society is low, consisting of interest rate subsidy and risk premium. On the other hand, deadweight is estimated to be much larger than for direct grants.

The authors' proposal for the remaining period is that the steering indicators of Finnvera should be made comparable and integrated in the EURA steering system.

The picture of the progress with respect to new enterprises and new jobs depends on whether projected achievements of Finnvera projects are included in or excluded from the figures. It must be noted that the targets for new enterprises and new jobs include Finnvera projects. For these reasons, in the following the outcomes are presented both without and with Finnvera figures.

²⁴ Mainly direct support for R&D or physical investments; steering information in "TUKI-2000" data base (see appendix tables).

²⁵ Other projects than direct support to enterprises; steering information in "EURA" data base (see appendix tables).

²⁶ Finnvera is a state owned financing organization; their steering system does not include the verification of achievements after the project is completed.

Main programme outcomes

The target number of new enterprises to be created during the programming period 2007–13 is 900 in Southern Finland, 1,500 in Northern Finland and 2,000 in Eastern and Western Finland. If only completed projects are considered the rates of creation are quite low, 17% in total at end–2010 (15% end–2009), varying from only 8% in Southern Finland to 39% in Northern Finland. Low rates result partly from Finnvera's important role in supporting enterprise starts. If the projected figures of Finnvera are included the rate of creation is very high, 71% in total at end–2010 (50% end–2009). This rate is highest in Northern, 84% and lowest in Western, 49%.

The share of new enterprises run by women has increased to 32% at end–2010 from 28% at end–2009 in total when only completed projects are considered. Targets vary slightly by region from 38% in Southern and Northern, 39% in Eastern to 40% in Western Finland. Respectively the rates of realisation are 29% in Western, 37% in Eastern, 28% in Southern and 35% in Northern Finland. If Finnvera's figures are included the rates are higher because of – among others reasons – the effect of the special instruments for women enterprises. This rate is 40% at end–2010 in total (33% end–2009), varying from 38% in Southern to 42% in Western Finland.

The target for the number of new jobs is in total 38,200 of which 4,200 in Southern, 9,800 in Western, 11,000 in Northern and 13,200 in Eastern Finland. This implies, for example, the creation of 1,900 jobs a year in Eastern Finland, where employment was unchanged from 2006 to 2008 and declined by 9,000 in 2009.

The number of jobs created without Finnvera projects was 10,300 in total at end–2010, 27% of the target. There was major progress from end–2009 when the rate of creation was 16%. In Eastern Finland the number of jobs created so far is 2,700, 20% of the target as compared with 12% at end–2009. The jobs created relative to the target was lowest in Western Finland, 19% at end–2010 (11% end–2009). It was clearly higher in Northern Finland, 35% (20%) and in Southern Finland, 47% (27%).

Again, if the projected figures of Finnvera are included the rates of job creation are much higher: 49% in total at end–2010, varying from 73% in Southern, 51% in Northern, 50% in Eastern to 37% in Western Finland.

The share of new jobs created going to women is below the target set (38–40%) in all regions, except Eastern Finland. The main reason is that a disproportionate number of 'male-dominated' industrial firms apply for, and obtain, enterprise support. Accordingly, the share of new jobs taken by women varied between 28% and 47% across the four regions. Including the Finnvera's projects does not change the picture essentially.

The target for new **R&D jobs**²⁷ is 150 in Western Finland, 290 in Southern Finland, 800 in Eastern Finland and 1,000 in Northern Finland. The target seems to be especially ambitious

²⁷The indicator of R&D jobs is based only on actual achievements of completed projects.

in Eastern Finland, where only 23% of the target had been reached by the end of 2010, though this was significantly above the proportion at the end of 2009 (9%). Progress was also made in Northern Finland (from 17% of the target to 44%) and in Southern Finland (from 33% to 79%), though here the target was much more modest. The target is lowest in Western Finland, which is the only region to reach its target by the end of 2010 – 250 new R&D jobs had been created against a target of only 150. In total, 49% of the target has been reached at end-2010 (18% end-2009).

The realisation rates for projects supporting the **Lisbon strategy** lag behind the target in all the regions except Western Finland, though the share of expenditure going to such projects has steadily increased in all regions as programmes have proceeded. The target for the share of ERDF funding allocated **to environmentally-friendly** projects has been clearly exceeded in all regions, while the allocation of resources for projects promoting **equal opportunities** was also above the target in all the regions at the end of 2010.

Table B – Main physical indicators and achievements in the ERDF of mainland Finland ERDF

Policy area	Main indicators	Outcomes and results at the end of 2010 (actual achievements of completed projects)
Enterprise support and RTDI	The number of new jobs and the share going to women; The number of new enterprises and the share founded by women; The number of new R&D jobs; The allocation of resources for projects supporting the Lisbon strategy	10,300 new jobs created (27% of the target for the whole period); Women's share of new jobs was 36%; 1,100 new enterprises founded (17% of the target); 32% of new enterprises founded by women; 1,100 new R&D jobs created (49% of the target); The average realised share of ERDF resources for projects supporting the Lisbon strategy was 77%.
Human Resources (ERDF only)	The allocation of resources for projects supporting equal opportunities	The average percentage of resources allocated for promoting equal opportunities was 12%
Environment	The allocation of ERDF resources (% of total ERDF) for environmental projects	The average realised share of allocation of ERDF resources for environmental projects was 40%
Territorial development	The share of projects supporting the Baltic Sea strategy ²⁸	6% of the projects were supporting the strategy ²⁹

²⁸ The European Commission adopted a Communication on the EU Strategy for the Baltic Sea Region in 2009. The guidelines to identify projects supporting the Baltic Sea strategy was clarified in 2010; so the 2010 figures are not comparable with the figures describing the situation at end-2009.

²⁹ This figure would be much lower if only realised projects were included.

Central Baltic INTERREG IV A programme

At the end of 2010, the total commitment of funding under the Central Baltic INTERREG IV A programme was 75% of the overall allocation (36% at the end of 2009). The programme is considered likely to spend all the funding allocated and most of the targets initially set have already been achieved.

3. EFFECTS OF INTERVENTION

Main points from the country report 2010

- The effects are joint ones of ERDF programmes, national regional development programmes and other policy measures with a regional dimension.
- There is a strong trend towards concentration and urbanisation in Finland.
- Direct support to enterprises creates new jobs and new firms which are important measurable results of ERDF co-financed projects.
- Support to cluster and networking activities is aimed at improving competitiveness and growth; however measuring the effects at regional level is challenging.
- The effects of support to infrastructure and the environment are typically indirect and are realised only over the long time.
- The evaluation system in Finland does not include systematic research into effects.

New jobs and new enterprises in regional development

The present steering indicators of ERDF programmes make it possible to estimate at least the magnitude of the effect on employment in regions. This is important because one of the core challenges in the less favoured regions in Finland is the low employment and high unemployment rates which are linked to several key problems in the regions, such as low income, social problems and outward migration. The majority of new jobs result from direct support to enterprises in ERDF programmes. However, successful clustering and networking projects also lead to an increase in firm level investment or in R&D projects which can lead to new jobs.

Effect of ERDF on employment

An indicative calculation of the effect of new jobs created by ERDF support on the employment rate in the regions is shown in Annex Table F. The calculation takes account of the estimated deadweight effect and of assumed indirect multiplier effects. According to the calculation, the average annual net increase of jobs via the ERDF is 0.7% of the total number of people employed in Eastern Finland and 0.6% in Northern Finland though 0.2% in Western Finland and 0.1% in Southern Finland over the period 2007–2010. This means that ERDF has contributed to raising the employment rate in Eastern Finland by 0.5 percentage points a

year and 0.4% points a year in Northern Finland, which has helped to reduce the gap in rates with the other two regions³⁰.

Effects of direct support to enterprises

Interesting new studies³¹ based on good data and advanced econometric methods have been published estimating the effects of direct support to enterprises in Finland. The main results of the studies are:

- Support for investment or R&D leads to an increase in firm level employment.
- Start-up grants lead to new firms remaining in business longer.
- The estimates of the effects of support (for both investment and R&D) on productivity are conflicting – support may or may not lead to productivity growth.
- Most direct support is allocated to a relatively small number of old, established firms which get funding repeatedly.
- The deadweight effect of direct support to enterprises is large³²; but it is smaller in disadvantaged regions (like Eastern Finland).
- Most studies criticise the inefficiency of the present support system because of the large deadweight effects and concentration on a small group of established firms.

Effects of clustering and networking support

There are several studies providing evidence of the positive effects of support to innovative environments and the clustering and networking of firms on competitiveness at regional and firm level. However, there is only weak qualitative evidence of the effects of projects supported in ERDF programmes. An important observation is that a successful clustering project generates firm level investment and R&D with effects on growth and employment. New research on the effects of clustering and networking activities based on firm level data and advanced methods of social network analysis combined with statistical methods are urgently needed.

Effects of support to infrastructure and environment

The importance of accessibility for the competitiveness of regions has been demonstrated by many theoretical and empirical studies. The effects of the on-going infrastructure

³⁰ See Figure 1. According to employment statistics the average annual change in employment during 2007–2010 was: Southern F. –0.49%, Western F. –1.19%, Eastern F. +0.25%, Northern F. –0.61%, total –0.61% (Statistics Finland).

³¹ Tokila 2011; Koski & Ylä-Anttila 2011; Karjalainen et.al. 2011; Koski & Pajarinen 2010; Ottaviano et.al. 2009

³² Results vary depending on how “partial” deadweight (project would have realised but with smaller budget, lower quality or later) is interpreted. According to Tokila partial deadweight is present in more than half of the supported projects. Karjalainen et.al. (2011) estimate that the total deadweight of ERDF support is highest (46%) in Southern Finland and lowest (37%) in Eastern Finland.

projects in the present programming period will be realised only in the long run after the projects have been completed³³.

Regions have invested actively in connecting communities to centralised water purification plants by means of main drainage using ERDF support. This has led to a significant reduction in sewage water discharged into the sea and lakes, improving the well-being of residents as well as increasing the possibilities for tourism and leisure activities.

4. EVALUATIONS AND GOOD PRACTICE IN EVALUATION

Evaluation strategy

The strategy and implementation of the evaluation of the ERDF programmes in the period 2007–2013 is based on evaluation plan prepared by the administrator of the programme³⁴. According to the plan the objective of the evaluation is to produce information for the administrators and various partners connected with the programmes about the implementation and the results and effects of the activities.

The evaluation strategy of the on-going programmes differs remarkably from that of the previous period 2000–2006. Then the mid-term evaluations were the main focus.

Evaluations of ERDF are carried out during 2009–2013 as an integrated process covering all the four programmes of mainland Finland (Etelä-Suomi, Itä-Suomi, Länsi-Suomi and Pohjois-Suomi). The evaluation is made in parts, the first part in 2009–2011 and, the second part in 2011–2013.

In addition to the integrated evaluation series there are some thematic evaluations going on in regions, mainly organised by the regional councils.

The evaluations of mainland Finland in 2009–2011 consisted of four themes:

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

The evaluators were independent, outside experts, selected by tendering. The final reports of four themes from the first part were completed in June 2011. These reports were also considered as the mid-term evaluation for the period 2007–2013.

³³ 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.

³⁴ Ministry of Employment and the Economy 2008.

Evaluation projects 2011–2013

The second part of evaluation of the mainland Finland programmes was starting in 2011 and covers the period 2011–2013. The evaluators are selected by tendering which was still in progress at the beginning of September, 2011.

The evaluation for period 2011–2013 consists of three themes:

Theme 1: Functionality of the administrative system

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

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

Evaluation of the Central Baltic Interreg IVa Programme 2007–2013

Mid-term evaluation report³⁵ of the programme was completed and published in November 2010. The evaluation covers the strategy and objectives, connection of the programme with the Baltic Sea strategy, effects of the recession, analysis of indicators, administrative structures, project generation and programme communication.

Results from the 2009–2010 evaluations

The basic information sources were official documents and data bases, interviews of regional coordinators and administrators and questionnaire studies. Evaluations included also 20 case studies in which projects were followed during the evaluation period. Thematic seminars for regional actors and administrators were organised in each programme region to discuss with the evaluators and give feedback about the results.

As a common conclusion 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. Selected conclusions from the evaluation themes are below.

Theme 1 “Support to enterprises”:

- Overall, the selection criteria and practices are relevant and functional.
- Projects improving the preconditions for entrepreneurship have in most cases succeeded well; however promoting international networking or supporting growth firms have not been successful.
- There is high deadweight in direct support to enterprises (see section 3); there is a risk that a significant share of support goes to subsidising “normal” business.
- The focus of the support to enterprises is quite clear, however, the evaluators suggest more detailed and regionally differentiated focusing in the future.

³⁵ DEA Baltica 2010.

- The support criteria should be improved in order to avoid deadweight and increase efficiency.

Theme 2 “Support to innovation and networking and transfer of knowledge”:

- The feedback from enterprises is that many projects do not respond to their needs.
- There were problems in networking between the participants within projects while networking with outsider partners functioned better.
- Projects do not aim enough at permanent changes in the networking and clustering.
- Projects do not provide enough support for growth firms and commercialisation of results.
- The basic indicators do not measure the networking effects of a project, which were one of the main targets.
- Evaluators suggest several alternative indicators for innovation and networking activities and some of them have been tested in case studies.

Theme 3” Support for accessibility and environment”:

- The goals of the priority Accessibility and environment are heterogeneous and the framework is flexible, without a clear focus, unlike the other priorities.
- Because of its flexibility the theme has made it possible to carry out region-based projects with genuinely new ideas and new combinations or networks.
- Projects for transport infrastructure have been important for accessibility in Eastern Finland (railways) and Northern Finland (tourism regions).
- The sub-theme for pilot projects of welfare service networks has not been successful due to problems in cooperation between public sector organisations.
- Too strict focusing should be avoided – flexibility is needed to provide possibilities for local region-based projects.

Theme 4 “Environmental effects and sustainable development”

- Present practice of ERDF fulfils the minimum role of promoting sustainable development: projects with negative environmental effects are not accepted.
- However, the ERDF does not actively encourage for environmentally positive projects.
- The concepts and criteria for environmental effects and sustainability are still unclear and ambiguous and they should be defined more clearly.
- Direct and indirect environmental effects should be evaluated in all projects exceeding EUR 100,000.
- Projects promoting “green business” (including risky projects) should be encouraged.

The authors’ views on evaluations

There is a coherent evaluation plan for the programmes. The plan has been implemented in practice mainly as planned when the plan was prepared in 2008. According to the experience from the first part the new integrated continuous approach in evaluation supports the implementation process especially from the point of view of regions better

than the mid-term evaluations of the previous period. The evaluation has succeeded well in providing information for discussion, especially in the regional seminars. There has been fruitful interaction between the evaluators and regional coordinators and the results have been utilised in regions. 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 ambition of the whole evaluation process is rather low relative to the central role of ERDF in Finland's regional policy. The authority responsible for the coordination of ERDF programmes and the whole regional policy, the Ministry of Employment and the Economy, seems not to be very interested in using evaluations as a development tool for regional policy while regions have high expectations on them. According to a view expressed in specialist interviews the tendency in the Ministry is to trust on its own expertise in developing regional policy and, consequently, to ignore the conclusions and proposals of outsider specialists, like evaluators. Still, the technical organisation of the evaluations works well.

One of the main problems is that evaluation methodology is not developed and new approaches are not looked for. A key shortage is that the integrated continuous evaluation process does not include a systematic analysis of the effects of the policy on regional developments even when the evaluators are expected to deal with the effects, as well. In practice the resource allocation for the evaluation does not make it possible to carry out scientific effect analysis. There is an urgent need for separate evaluation projects on the effects.

The authors' view on two case evaluations

Two evaluations completed in June 2011 were studied according to the criteria provided³⁶:

1. "Support to enterprises" and
2. "Support to innovation and networking and transfer of knowledge".

Both of the evaluations have been carried out with high expertise and they contain several good elements.

General positive comments on both evaluations:

- Both thematic evaluations make good analysis on the implementation process and its coherence with respect to the strategy and objectives of the programmes.
- Evaluations contain several case studies which have been selected and analysed carefully; they include a lot of useful information of functioning of the projects at grass root level; some of the case projects are suitable as good practice cases.
- The methods, data sources and references were documented adequately.
- Both evaluations raised a lot of fruitful discussion in regional evaluation seminars.

³⁶ See evaluation grids included in the Annex.

Reservations on evaluations:

- None of the evaluations present quantitative or even qualitative views of the effects on regional developments, although the processes leading from results to effects are analysed and described at least at conceptual level.
- “Support to enterprises” evaluation presents some conflicting conclusions and also a few conclusions which are not based on the results of the study.

The authors suggest that the evaluation “Support to innovation and networking and transfer of knowledge” is selected as a good evaluation for the following reasons: it deals with a topical theme; it includes several well done case studies; and it contains innovative and critical analysis of indicators concerning innovation and networking.

Table C –Evaluation study 1/2

Title and date of completion	Policy area and scope	Main objectives	Main findings	Full reference or link to publication
Support to enterprises; June 2011	Priority 1: direct support to enterprises; all 4 ERDF programmes of mainland Finland	A. Implementation in general; Selection criteria of projects; Relevance relative to NSRF and regional programme strategies; Effects of recession; Coordination with other programmes (ESF etc.); Examples of good practice; Realisation of objectives; Relevance of indicators. B. Competitiveness of enterprises; R&D; Internationalisation; Networking; Environmentally friendly products & methods.	Selection practices mainly relevant and functional. Projects improving the preconditions for entrepreneurship mainly successful. Promoting international networking or supporting growth firms have not been successful. High deadweight, risk of inefficiency. Evaluators suggest more detailed and regionally differentiated focusing in the future. Support criteria should be improved in order to avoid deadweight and increase efficiency. No analysis about effects on regional developments. Some of the conclusions are conflicting and some of them are not based on the results of the study.	Karjalainen J & Kiuru P & Valtakari M & Haila K & Uusikylä P & Kytölä L: EAKR – toimenpideohjelmien ja kansallisen rakennerahastostrategian 2007–2013 arviointi vuosina 2007–2010. Teema 1. Yritystoiminnan edistäminen. Loppuraportti.

Table Ca – Evaluation study 2/2

Title and date of completion	Policy area and scope	Main objectives	Main findings	Full reference or link to publication
Support to innovation and networking and transfer of knowledge; June 2011	Priority 2: Promoting of innovation activity and networking and strengthening of knowledge structures	A. as above. B. Regional expertise and knowledge structures; their functionality and coordination; Intraregional thematic projects; Alternative indicators.	The feedback from enterprises is that many projects do not respond to their needs. Inside networking of the projects was not at sufficient level while external networking functioned better. Projects do not aim enough at permanent changes in the networking and clustering. Projects do not provide enough support for growth firms and commercialisation of results. The basic indicators do not measure the networking effects of a project, which were one of the main targets. Evaluators suggest several alternative indicators for innovation and networking activities and some of them have been tested in case studies. Analysis of the effects is limited on the causal chains of the influence. Includes well-structured conclusions which are based on the results of the study.	Ahvenharju S & Halonen M & Hjelt M & Pathan A & Pursula T & Vaahtera A & Nikula N & Kotilainen M & Kaseva H: EAKR – toimenpideohjelmien ja kansallisen rakennerahastostrategian 2007–2013 arviointi vuosina 2007–2010. Teema 2. Innovaatiotoiminnan ja verkostoitumisen edistäminen ja osaamisrakenteiden vahvistaminen. Loppuraportti.

5. CONCLUDING REMARKS – FUTURE CHALLENGES

Main findings of the country report 2010

- Innovation activities are main priorities in ERDF programmes.
- The recession is expected to have only temporary effect on implementation.
- Systematic evaluation of effects on regional developments is missing.
- Lack of good projects in regions makes the implementation slow.
- Strict regional (NUTS–3) zoning within programmes is problematic.

Conclusions about programme strategy

Both the regional actors and outsider experts agree that there is a need to continue the programme based regional policy in Finland in the future, based on the same of objectives

and strategies as in the present period. However, it is argued that the system should be made more focused and flexible than in the on-going ERDF programmes.

An interviewed specialist of the developments of remote regions points out the importance to continue the programme based regional policy to guarantee the liveability and welfare also in sparsely populated and remote regions. The Lisbon treaty (2009) gives strong support for this view. However, the implementation should be improved, for example by linking the policies of ERDF and ESF better with each other. Employment, young people and new actors should be prioritised.

The programme of the new Government lists some principles for the next programme period e.g.:

- Guaranteeing the special position of remote and sparsely populated regions.
- Promoting intelligent growth, welfare, sustainable environment and preventing social segregation shall be prioritised.
- The integration of the national and EU's regional and structural policies must be further improved.
- In the allocation of resources from EU's structural funds development of new industries, increasing employment, growth oriented enterprises and decreasing emissions should be prioritised.

Critics of ERDF policy

In its inspection of the effects of regional development programs implemented during the programming period 2000–2006 the National Audit Office of Finland noted that the employment-increasing effects of the ERDF funded support have been smaller than expected³⁷ but it helped to maintain or renew jobs in many cases. It also noted that the ERDF support has often focused to regional centres at the cost of the most peripheral areas. The report criticizes knowledge and networking projects of loose connections to enterprises and weak results in creating jobs or new firms. Some of the interviewed outsider experts express the same kind of criticism concerning the on-going programme period.

Some recent studies criticise the inefficiency of the present support system because of high deadweight and concentration on a small group of established firms. This criticism has influenced also the new Government which plans to cut national direct support to enterprises markedly. Because direct support to enterprises in ERDF programmes is integrated in national support systems the change in support policy may affect the objectives and strategy of the ERDF programmes in the next period.

Suggestion for a change

The strict allocation of resources between regions and priorities tends to lead to local governments generating projects simply to spend the funding available. In the next period

³⁷ National Audit Office of Finland 2008

the regional programmes and the regional 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 disadvantaged regions or tackle a specific regional problem, but without restricting the where applicants are located. This model would increase competition between project initiatives, make the quality of projects higher and give priority to the most active disadvantaged regions relative to more passive ones.

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INTERVIEWS

Heikki Eskelinen. Professor. University of Eastern Finland.

Marikki Järvinen, Counsellor, Ministry of Employment and the Economy

Jukka Ristaniemi, Counsellor, Ministry of Employment and the Economy

Note: The evaluation projects (completed in June 2011) included a lot of interviews of regional coordinators, administrators and project managers, carried out in 2009 and 2010. These interviews were available for this report.

TABLES

See Excel file for Tables 1–4:

Table 1 – Regional disparities and trends

Table 2 – Macro-economic developments

Table 3 – Financial allocation by main policy area

Table 3 CBC – Financial allocation by main policy area

Table 4 – Commitments by main policy area (by end-2010)

Table 4 CBC – Commitments by main policy area (by end-2010)

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

Policy area		Code	Priority themes
1. Enterprise environment	RTDI and linked activities	01	R&TD activities in research centres
		02	R&TD infrastructure and centres of competence in a specific technology
		05	Advanced support services for firms and groups of firms
		07	Investment in firms directly linked to research and innovation (...)
		74	Developing human potential in the field of research and innovation, in particular through post-graduate studies.
	Innovation support for SMEs	03	Technology transfer and improvement of cooperation networks.
		04	Assistance to R&TD, particularly in SMEs (including access to R&TD services in research centres)
		06	Assistance to SMEs for the promotion of environmentally-friendly products and production processes (...)
		09	Other measures to stimulate research and innovation and entrepreneurship in SMEs
		14	Services and applications for SMEs (e-commerce, education and training, networking, etc.)
		15	Other measures for improving access to and efficient use of ICT by SMEs
	ICT and related services	11	Information and communication technologies (...)
		12	Information and communication technologies (TEN-ICT)
		13	Services and applications for citizens (e-health, e-government, e-learning, e-inclusion, etc.)
	Other investment in firms	08	Other investment in firms
2. Human resources	Education and training	62	Development of life-long learning systems and strategies in firms; training and services for employees.
		63	Design and dissemination of innovative and more productive ways of organising work
		64	Development of special services for employment, training and support in connection with restructuring of sectors.
		72	Design, introduction and implementing of reforms in education and training systems.

Policy area		Code	Priority themes
	Labour market policies	73	Measures to increase participation in education and training throughout the life-cycle.
		65	Modernisation and strengthening labour market institutions
		66	Implementing active and preventive measures on the labour market
		67	Measures encouraging active ageing and prolonging working lives
		68	Support for self-employment and business start-up
2. Human resources (Cont.)	Labour market policies (Cont.)	69	Measures to improve access to employment and increase sustainable participation and progress of women.
		70	Specific action to increase migrants' participation in employment.
		71	Pathways to integration and re-entry into employment for disadvantaged people.
		80	Promoting the partnerships, pacts and initiatives through the networking of relevant stakeholders
3. Transport	Rail	16	Railways
		17	Railways (TEN-T)
		18	Mobile rail assets
		19	Mobile rail assets (TEN-T)
	Road	20	Motorways
		21	Motorways (TEN-T)
		22	National roads
		23	Regional/local roads
	Other transport	24	Cycle tracks
		25	Urban transport
		26	Multimodal transport
		27	Multimodal transport (TEN-T)
		28	Intelligent transport systems
		29	Airports
		30	Ports
		31	Inland waterways (regional and local)
		32	Inland waterways (TEN-T)
4. Environment and energy	Energy infrastructure	33	Electricity
		34	Electricity (TEN-E)
		35	Natural gas
		36	Natural gas (TEN-E)
		37	Petroleum products
		38	Petroleum products (TEN-E)
		39	Renewable energy: wind
		40	Renewable energy: solar
		41	Renewable energy: biomass
		42	Renewable energy: hydroelectric,

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

Policy area	Code	Priority themes
		and programme design, monitoring and evaluation.
	85	Preparation, implementation, monitoring and inspection.
	86	Evaluation and studies; information and communication.

Annex Table B – Commitment rate of ERDF (%) by region and priority 31.12.2010

	Åland	Southern	Western	Eastern	Northern
Entrepreneurship and innovation	33.5				
Thematic development		39.2			
Urbanregions		65.7	44.7		
Accessibility and enviroment		46.8	45.7	76.5	81.1
Innovation and networking		59.2	49.6	58.3	51.2
Support to enterprises		59.4	52.3	45.8	55.2
Total		51.3	49.7	55.5	59.2

Annex Table Ba – Commitment rate of ERDF (%) by region and priority 31.12.2009

	Åland	Southern	Western	Eastern	Northern
Entrepreneurship and innovation	33.5				
Thematic development		27.4			
Urbanregions		34.4	17.4		
Accessibility and enviroment		27.5	30.1	45.1	41.4
Innovation and networking		32.4	28.8	45.2	32.3
Support to enterprises		46.2	41.4	45.2	42.3
Total		31.9	33.3	43.4	47.3

Annex Table C – Implementation rate of ERDF (%) by region and priority 31.12.2010

	Åland	Southern	Western	Eastern	Northern
Entrepreneurship and innov.	16.7				
Thematic development		7.1			
Urbanregions		21.8	10.4		
Accessibility and enviroment		18.6	24.2	36.5	40
Innovation and networking		28.3	20.3	26.3	21.4
Support to enterprises		29.7	23.4	21.2	26.4
Total		20.4	21.9	25.8	27.6

Source: Monitoring data base (EURA)

Annex Table D – Core indicators at the end of 2010

		Target 2007–2013	EURA actual	TUKI2000 actual	Total actual	Realisation actual, %	Finnvera planned	Grand total actual+planned	Realisation actual+planned, %
Etelä-Suomi	New jobs	4,200	987	969	1,956	47	1,122	3,078	73
	–women	1,575 (38%)	231	320	551	28	394	945	31
	New enterprises	920	121	36	157	17	566	723	79
	–women	247 (27%)	26	8	34	22	240	274	38
	New R&D jobs	290	173	55	228	79		228	79
	–women		47	15	62	27		62	27
Länsi-Suomi	New jobs	9,800	498	1,338	1,836	19	1,824	3,660	37
	–women	3,920 (40%)	139	387	526	29	613	1,139	31
	New enterprises	2,000	96	65	161	8	810	971	49
	–women	720 (36%)	32	22	54	34	350	404	42
	New R&D jobs	150	145	106	251	167		251	167
	–women		36	26	62	25		62	25
Itä-Suomi	New jobs	13,230	1,065	1,600	2,665	20	3,912	6,577	50
	–women	5,210 (39%)	683	575	1,258	47	1,042	2,300	35
	New enterprises	2,020	116	87	203	10	1,396	1,599	79
	–women	710 (35%)	64	34	98	48	555	653	41
	New R&D jobs	800	97	83	180	23		180	23
	–women		43	26	69	38		69	38
Pohjois-Suomi	New jobs	11,000	1,806	1,993	3,799	35	1,782	5,581	51
	–women	4,200 (38%)	719	592	1 311	35	558	1,869	33
	New enterprises	1,500	449	142	591	39	674	1,265	84
	–women	630 (42%)	127	39	166	28	333	499	39
	New R&D jobs	1,000	390	54	444	44		444	44
	–women		84	10	94	21		94	21
In total	New jobs	38,230	4,356	5,900	10,256	27	8,640	18,896	49
	–women	14,905 (39%)	1,772	1,874	3,646	36	2,607	6,253	33
	New enterprises	6,440	782	330	1,112	17	3,446	4,558	71
	–women	2,307 (36%)	249	103	352	32	1,478	1,830	40
	New R&D jobs	2,240	805	298	1,103	49		1,103	49

		Target 2007–2013	EURA actual	TUKI2000 actual	Total actual	Realisation actual, %	Finnvera planned	Grand total actual+planned	Realisation actual+planned, %
	–women		210	77	287	26		287	26

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

Finnvera figures are based on planning phase data.

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

Source: Ministry of Employment and the Economy and Finnvera

Annex Table E – Core indicators at the end of 2009

		Target 2007–2013	EURA actual	TUKI2000 actual	Total actual	Realisation actual, %	Finnvera planned	Grand total actual+planned	Realisation actual+planned, %
Etelä-Suomi	New jobs	4,200	607	514	1,121	27	1,794	2,915	69
	–women	1,575 (38%)	169	170	339	30	640	979	34
	New enterprises	920	61	45	106	12	375	481	52
	–women	247 (27%)	9	11	20	19	138	158	33
	New R&D jobs	290	96		96	33		96	33
	–women		29		29	30		29	30
Länsi-Suomi	New jobs	9,800	298	801	1,099	11	2,936	4,035	41
	–women	3,920 (40%)	89	212	301	27	992	1,293	32
	New enterprises	2,000	66	89	155	8	537	692	35
	–women	720 (36%)	23	22	45	29	193	238	34
	New R&D jobs	150	77		77	51		77	51
	–women		17		17	22		17	22
Itä-Suomi	New jobs	13,230	648	878	1,526	12	6,788	8,314	63
	–women	5,210 (39%)	230	278	508	33	1,736	2,244	27
	New enterprises	2,020	72	171	243	12	953	1,196	59
	–women	710 (35%)	20	55	75	31	299	374	31
	New R&D jobs	800	69		69	9		69	9
	–women		29		29	42		29	42
Pohjois-Suomi	New jobs	11,000	950	1,230	2,180	20	2,988	5,168	47
	–women	4,200 (38%)	466	351	817	37	844	1,661	32
	New enterprises	1,500	253	204	457	30	423	880	59

		Target 2007-2013	EURA actual	TUKI2000 actual	Total actual	Realisation actual, %	Finnvera planned	Grand total actual+planned	Realisation actual+planned, %
	-women	630 (42%)	77	55	132	29	164	296	34
	New R&D jobs	1,000	165		165	17		165	17
	-women		34		34	21		34	21
In total	New jobs	38,230	2,503	3,423	5,926	16	14,506	20,432	53
	-women	14,905 (39%)	954	1,011	1,965	33	4,212	6,177	30
	New enterprises	6,440	452	509	961	15	2,288	3,249	50
	-women	2,307 (36%)	129	143	272	28	794	1,066	33
	New R&D jobs	2,240	407		407	18		407	18
	-women		109		109	27		109	27

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

Finnvera figures are based on planning phase data.

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

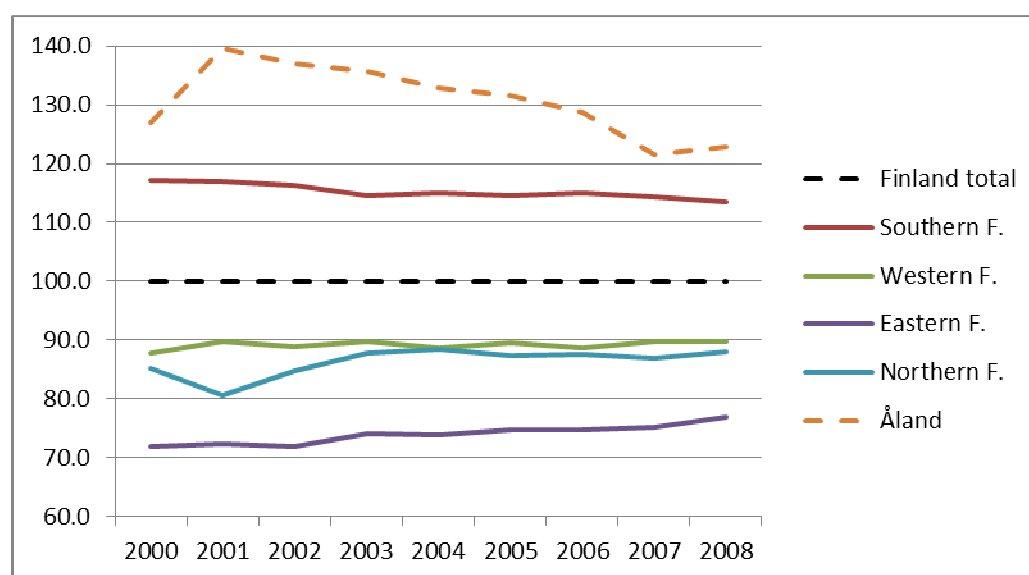
Source: Ministry of Employment and the Economy and Finnvera

Annex Table F – Indicative calculation of the contribution of ERDF on employment in NUTS-2 regions of continental Finland.

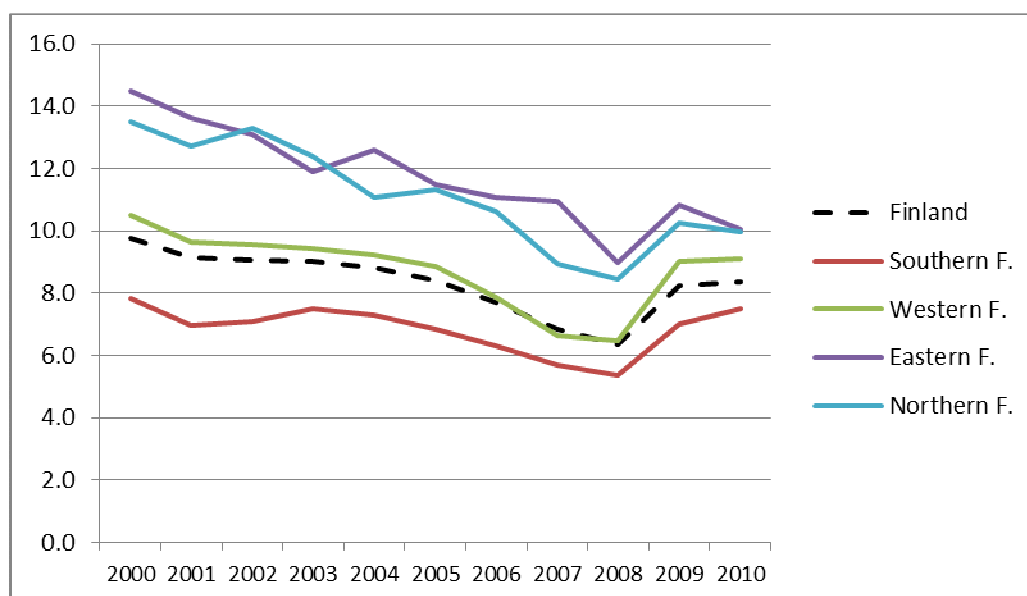
		Region				
		Southern	Western	Eastern	Northern	Finland
Employed	Average 2007–2010	1,311,500	612,250	268,250	274,750	2,466,750
ERDF jobs total	Sum till end 2010	3,078	3,660	6,577	5,581	18,896
ERDF jobs / year	Sum / 3,5 years	879	1,046	1,879	1,595	5,399
Deadweight-%	% of jobs	45	40	35	40	
Jobs net	jobs – deadweight	484	627	1,221	957	3,289
Multiplicative effect	% of jobs	60	60	60	60	
Jobs total effect	Net + mult.effect	774	1,004	1,954	1,531	5,263
Tot. Eff. relative to employment	Total eff. % of empl.	0.1	0.2	0.7	0.6	0.2
Tot. Eff. on employment rate	%-points	0	0.1	0.5	0.4	0.1

ANNEX

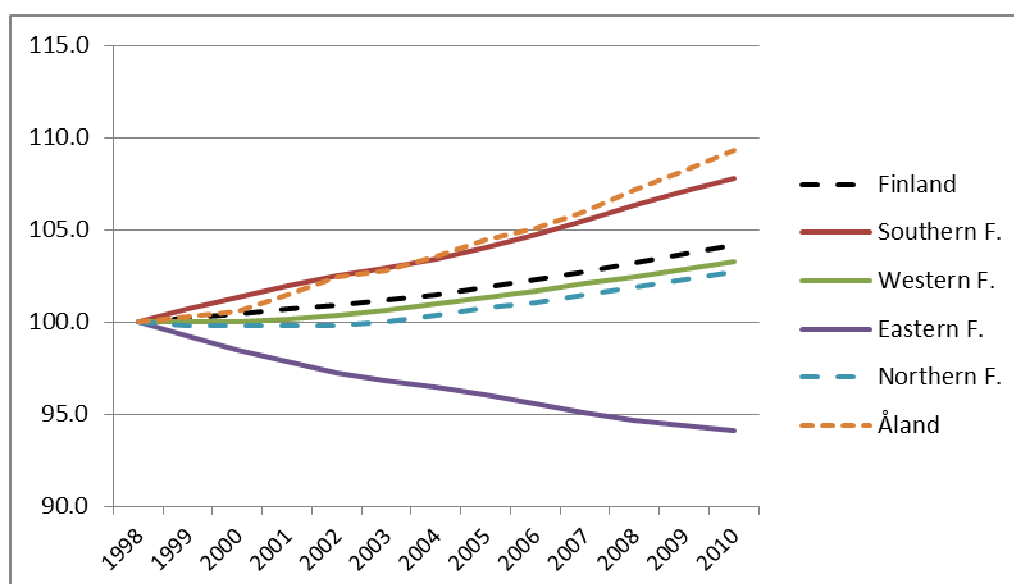
Annex Figure 1 – GDP per capita in NUTS 2 regions in Finland. Index. Finland total = 100



Source: Statistics Finland

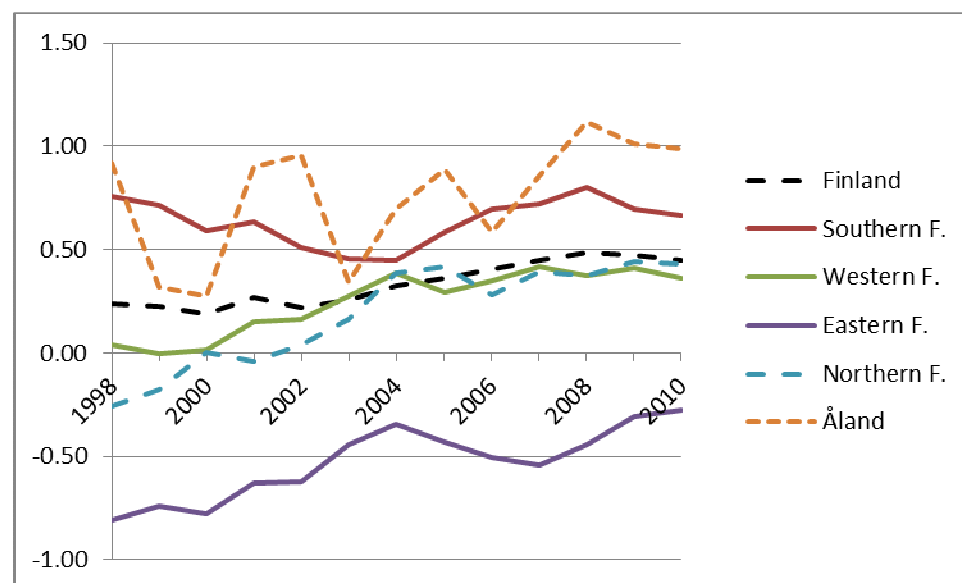
Annex Figure 2 – Unemployment rate (%) in NUTS2 regions in mainland Finland

Source: Statistics Finland. labour force study

Annex Figure 3 – Population in NUTS2 regions in Finland (index 1998=100)

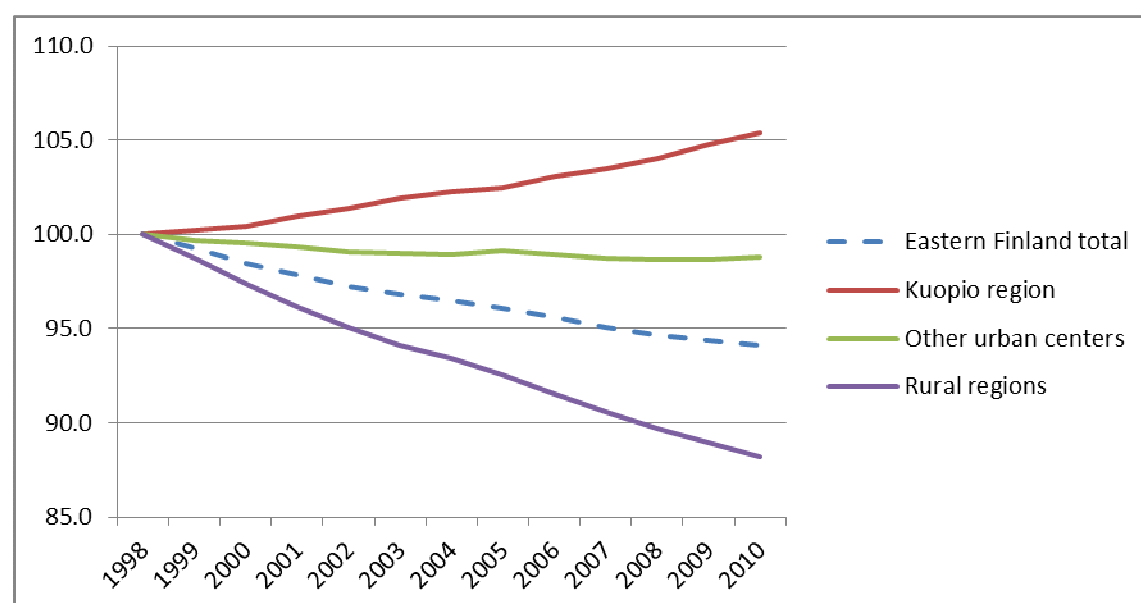
Source: Statistics Finland

Annex Figure 4 – Annual population changes in NUTS2 regions in Finland (% of population)

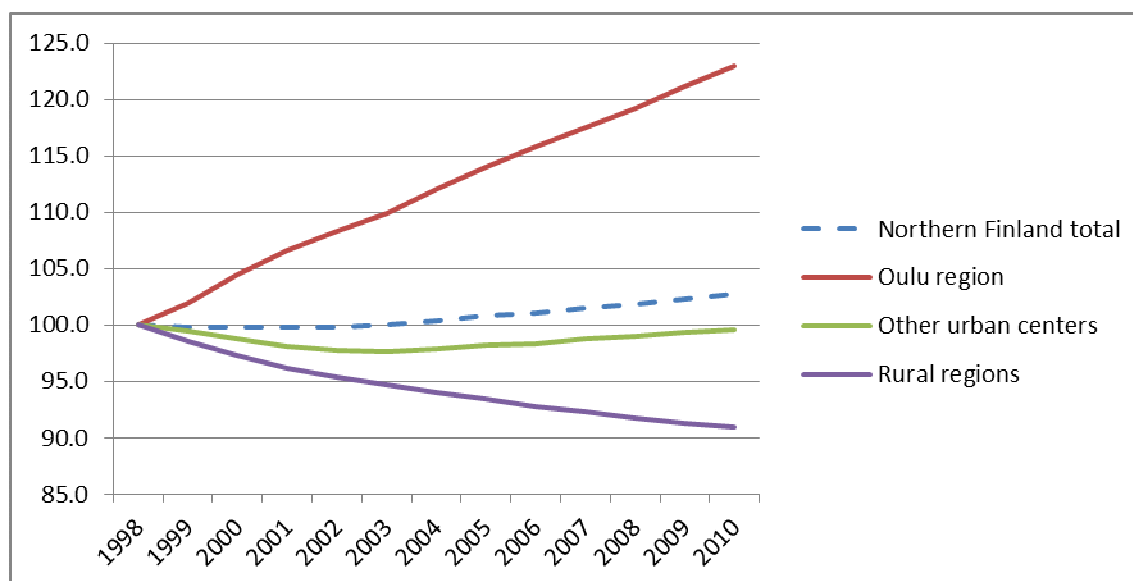


Source: Statistics Finland

Annex Figure 5 – Population in Eastern Finland by region type (index. 1998=100)



Source: Statistics Finland

Annex Figure 6 – Population in Northern Finland by region type (index. 1998=100)

Source: Statistics Finland

Annex Evaluation grid for examples of good practice in evaluation 1 / 2

BASIC INFORMATION		
Country Finland		
Policy area		
Theme 1 Enterprise support		
Title of evaluation and full reference EAKR toimenpideohjelmien ja kansallisen rakennerahastostrategian 2007–2013 arviointi vuosina 2007–2010. Teema 1: Yritystoiminnan edistäminen (ERDF and Finland's Cohesion Fund strategy 2007–2013 evaluation 2007–2010. Theme 1: Support to enterprises)		
Intervention period covered 2007–2010		
Timing of the evaluation 6/2011		
Budget (if known): –		
Evaluator External evaluator: Jari Karjalainen and Pertti Kiuru / Aalto University School of Economics, Small Business Center Mikko Valtakari / Tempo Economics Ltd Katri Haila and Petri Uusikylä / Ramboll Management Consulting Ltd Liisa Kytölä / Finnish Regional Research FAR		
Method (counterfactual analysis, process analysis, case study, econometric model, analysis of indicators, etc.) <ul style="list-style-type: none"> interview study: to regional programme coordinators and other regional key administrators (23) interview study: to key organizations in this theme (4) questionnaire study: among the regional key administrators and actors in theme 1 (126) questionnaire study: among the firms receiving direct support (development) (27) questionnaire study: among the firms receiving direct support (investment and development) (455) interview study: among the firms receiving direct support (investment and development) (41) case study analysis of indicators and statistical analysis (TUKI2000 and EURA) qualitative analysis of programme document and annual report discussion event about evaluation results at regional level 		
Main objectives and main findings (very short description – 3–4 lines) Problems in monitoring systems and adp and recession slow down the starts of the projects. Supporting growth enterprises and internationalisation have succeeded poorest. 75% of development projects would have been realised in some form without the grant.		
Appraisal (Why you consider the evaluation an example of good practice: – 2–3 lines) <ul style="list-style-type: none"> Not good practice ("fair" practice). Good analysis of the implementation and selection criteria. However, no quantitative or even qualitative views of the effects on regional developments, although the processes leading from results to effects are analysed and described at least at conceptual level. Presents some conflicting conclusions and also a few conclusions which are not based on the results of the study. 		
CHECK LIST	YES	NO
UTILITY		
Report Clarity and Balance		
Are the objectives, methods and findings of the evaluation clearly described?	x	
Are the conclusions and recommendations clearly supported by the analysis?		x
Are the strengths and weaknesses of the intervention being evaluated fairly assessed and reported?	x	
Is the outcome of the intervention clearly reported?		x
RELIABILITY OF FINDINGS		
Evaluation design		
Is the approach adopted by the evaluation and method used clearly set out?	x	

Is the approach and methods suitable given the objectives of the valuation and the intervention being assessed?	x	
Are the details of the operation of the intervention clearly described?	x	
Are the mechanisms through which the intervention is intended to achieve its objectives clearly identified?	x	
Context		
Is the socio-economic and policy context clearly set out?	x	
Are the effects of the economic and/or policy context on the outcome of the intervention clearly described?	x	
Information Sources		
Are the quantitative and/or qualitative data used suitable for the purpose for which they are used?	x	
Is the reliability of the data fairly assessed and described?	x	x
Analysis		
Are appropriate procedures/techniques used to analyse the data and/or qualitative information?	x	
Are suitable procedures used to check the validity of findings?		x
Is the validity of the findings reached clearly demonstrated?		x
Do the policy recommendations follow clearly from the findings of the analysis?	x	

Annex Evaluation grid for examples of good practice in evaluation 2/2

BASIC INFORMATION
Country Finland
Policy area Theme 2: Support to innovation activities and networking and strengthening of knowledge structure
Title of evaluation and full reference EAKR-toiminpideohjelmien ja kansallisen rakennerahastostrategian 2007–2013 arviointi vuosina 2007–2010. Teema 2: Innovaatiotoiminnan ja verkostumisen edistäminen ja osaamisrakenteen vahvistaminen (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)
Intervention period covered 2007–2010
Timing of the evaluation 6/2011
Budget (if known): –
Evaluator External evaluator Susanna Ahvenharju, Mikko Halonen, Mari Hjelt, Alina Pathan, Tiina Pursula and Anu Vahtera / Gaia Consulting Ltd Nuutti Nikula, Markku Kotilainen and Hannu Kaseva / ETLA, the Research Institute of the Finnish Economy
Method (counterfactual analysis, process analysis, case study, econometric model, analysis of indicators, etc.) <ul style="list-style-type: none"> interview study: to regional programme coordinators and other regional key administrators (23) questionnaire study: among the regional project manager (164) case study analysis of indicators and statistical analysis (EURA) discussion event about evaluation results at regional level qualitative analysis of programme document and annual report
Main objectives and main findings (very short description – 3–4 lines) The strategies (of EU and national) and the objectives of the programme are consistent. Also the criteria and the aims of the projects are in line with the strategies. There are only few common projects of enterprises, universities and research institutes.
Appraisal (Why you consider the evaluation an example of good practice: – 2–3 lines)

Not good practice ("fair" practice).		
<ul style="list-style-type: none"> • Good analysis of especially of the implementation and indicators. • However, no quantitative or even qualitative views of the effects on regional developments, although the processes leading from results to effects are analysed and described at least at conceptual level. 		
CHECK LIST	YES	NO
UTILITY		
Report Clarity and Balance		
Are the objectives, methods and findings of the evaluation clearly described?	x	
Are the conclusions and recommendations clearly supported by the analysis?	x	
Are the strengths and weaknesses of the intervention being evaluated fairly assessed and reported?		x
Is the outcome of the intervention clearly reported?	x	
RELIABILITY OF FINDINGS		
Evaluation design		
Is the approach adopted by the evaluation and method used clearly set out?	x	
Is the approach and methods suitable given the objectives of the valuation and the intervention being assessed?	x	
Are the details of the operation of the intervention clearly described?	x	
Are the mechanisms through which the intervention is intended to achieve its objectives clearly identified?	x	
Context		
Is the socio-economic and policy context clearly set out?		x
Are the effects of the economic and/or policy context on the outcome of the intervention clearly described?		x
Information Sources		
Are the quantitative and/or qualitative data used suitable for the purpose for which they are used?	x	
Is the reliability of the data fairly assessed and described?	x	
Analysis		
Are appropriate procedures/techniques used to analyse the data and/or qualitative information?	x	
Are suitable procedures used to check the validity of findings?	x	
Is the validity of the findings reached clearly demonstrated?	x	
Do the policy recommendations follow clearly from the findings of the analysis?	x	