



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

**Task 1: Job creation as an indicator of  
outcomes in ERDF programmes**

**Finland**

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

## Contents

Executive summary .....	3
1. The use of the indicator to assess outcomes in policy areas.....	4
2. Definition, methodology, data reporting and wider use of the indicator .....	5
Definition and methodology.....	5
Content of data.....	6
Wider use of indicator.....	8
3. Cost per job created .....	9
4. The indicator of job creation in evaluations and AIRs.....	11
5. Looking forward to the 2014-2020 programming period.....	13
6. Further remarks .....	13
References.....	15
Interviews.....	15
Annex.....	16

## List of abbreviations

- AIR           Annual Implementation Report
- EDG           Enterprise Development Grant
- EEN           Expert Evaluation Network
- FEI           Financial Engineering Instruments
- MA           Managing Authority
- OP           Operational Programme
- OSKE         Centre of Expertise Programme

## Executive summary

Job creation is one of the core indicators in all ERDF programmes of the mainland Finland. Consequently, it is used as an indicator for all priorities and all policy areas. Of all the new jobs more than 90% are created within the broad policy area of enterprise environment getting three quarters of all ERDF finance.

The concept of new job has been defined reasonably clearly and the same concepts are used in all programmes and all priorities. The realisation of new jobs is checked after the project is finished and the reporting is based on verified jobs, except for the projects of Finnvera.

The aggregate figures of indicators are simply gross sums of project level new jobs. There are no deductions applied because of deadweight or other factors. Consequently, the aggregate indicators represent measurable gross results of projects. According to the monitoring systems, the ERDF programmes of mainland Finland created about 24,300 new jobs by the end of 2011 of which 14,900 were realised jobs checked after the finishing of the projects and 9,400 non-checked planned jobs of finished projects (Finnvera). These figures overvalue to some extent the real results of the job creation due to exaggeration in the application phase (Finnvera), relatively high death rate of the realised jobs and high deadweight.

It would be possible to estimate net job creation of programmes but with several reservations. It requires that the results of studies concerning deadweight are applied, realistic assumptions on the lifetime of new jobs are made and anticipated substitution effects are controlled. In addition, indirect positive effects of job creation should be included.

## 1. The use of the indicator to assess outcomes in policy areas

Job creation is one of the core indicators in all ERDF programmes of the mainland Finland. Consequently, it is used as an indicator for all priorities and all policy areas. The programme level targets for jobs created have been defined for all priorities (but not for policy areas as they are defined for this task). However, there are major differences between policy areas with respect to real functionality of the indicator when taking into the account the nature of the projects.

The majority of ERDF support is allocated to enterprises either by grants or subsidised loans directly to SMEs or for improving the preconditions of SMEs, e.g. by supporting networking and clustering activities. The share of enterprise environment is 73% of all ERDF support (realised expenditure at the end of 2011), the major components being innovation support for SMEs, RTDI and linked activities, and other investment support. The share of support to human resources is only 1%; the reason is that this policy sector is financed mainly from ESF. About 6% is allocated to transport projects and 5% for environment. In both of these policy areas ERDF finance is limited to selected themes while normal public sector investments and the maintenance are financed from the budgets of the state and the municipalities. Finally, 11% is allocated for territorial development, the majority of it for tourism and culture projects. (Annex Table A)

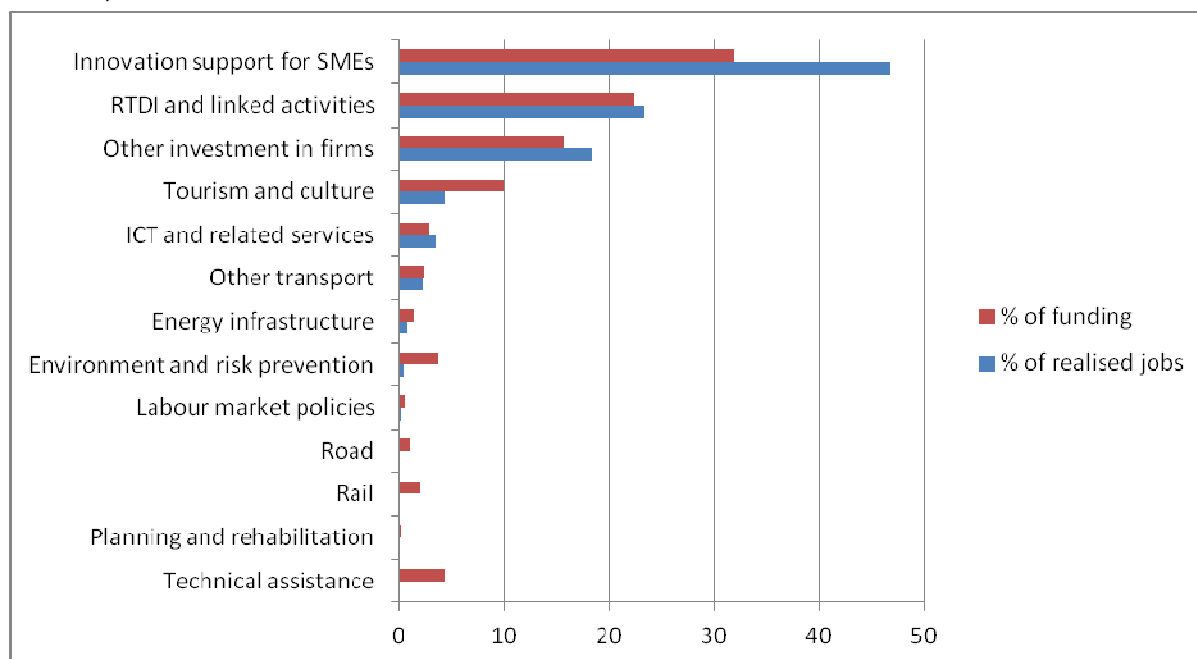
The division of job creation by policy area is even more uneven than the division of finance. Of all the new jobs actually created 92% are created within the broad policy area enterprise environment, the majority of them via innovation support for SMEs (47% of all new jobs). This support covers among others investments in production capacity based on new technologies. RTDI and linked activities create also a significant amount of new jobs (23%), as well as other investment support (18%), containing mainly traditional investments in physical capital. Outside the support to enterprise environment only tourism and culture projects within territorial development create a reasonable amount of new jobs (4%). The concentration of the number of jobs created is based on the nature of the projects in each policy area. New jobs are created normally as a consequence of an enhancement of production capacity in an enterprise or other organisation leading to increased need for labour. It is logical that new jobs are created in SMSs receiving direct support for investments and RDI. Instead, projects concerning transport, environment and energy, and territorial development have normally other objectives than creating jobs directly. In addition, jobs created during the construction phase for example in transport investment projects are not counted. (Figure 1 and Annex Table A)

An interesting aspect is the difference between the originally planned and the realised outcome in the division of new jobs. However, the targets for indicators have been defined at priority level but not at detailed policy area level. The comparison at priority level shows that the shares of "Innovation and networking" (priority 2) and "Accessibility and environment" (priority 3) of realised new jobs are much higher than planned while the share of "Support to enterprises"<sup>1</sup> (priority 1) is significantly smaller than planned (Annex Tables B and C).

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<sup>1</sup> This priority contains practically all direct support to SMEs.

**Figure 1 - The division of new jobs and funding (realised expenditure) by policy areas, Dec. 31, 2011**



Source: Monitoring systems of ERDF programmes.

## 2. Definition, methodology, data reporting and wider use of the indicator<sup>2</sup>

### Definition and methodology

From the viewpoint of management systems, monitoring and indicators of ERDF support to mainland Finland<sup>3</sup> three sub-systems can be distinguished:

1. Enterprise Development Grants (EDG) managed by regional Centers for Economic Development, Transport and the Environment (monitoring system *Tuki2000*)
  - grants a) for investments (land, constructions, machines and equipment, non-physical investments) to SMEs, b) for other business development to SMEs, c) for salary or other operational costs to small enterprises
2. Financial Engineering Instruments (FEI) managed by Finnvera, a specialised financing company owned by the State (Finnvera's own monitoring system)
  - subsidised loans to SMEs a) for starting a business, b) for investments, c) for special loans (e.g. for women entrepreneurs)
  - guarantees to SMEs
  - venture capital for start-up and early-stage innovative enterprises
3. Other ERDF finance than direct grants or FEIs to SMEs, managed by regional councils (monitoring system *EURA*)

<sup>2</sup> The definition, methodology and content of data are based on documents and additional information from the Ministry of Labour and the Economy.

<sup>3</sup> The ERDF programme of Åland (0.3% of ERDF funding in Finland) is not covered in this paper.

- support for enterprise environment
- human resources
- transport
- environment and energy
- territorial development.

All of the sub-systems operate in the same way in all four regional ERDF programmes of the mainland Finland (Southern, Western, Eastern and Northern) under the authority of the Ministry of Labour and the Economy.

The definition of a new job is basically the same in all sub-systems while there are minor differences in how the definition is expressed in the documents. The basic concepts are reasonably clearly documented among others in the instructions of the application forms. EDGs have the most detailed instructions both for the applicant and for the administrators.

According to the definition “new job” is a job which is created in the project and is expected to continue more than 5 years. A new job can be a) a permanent full-time job, or b) a seasonal (e.g. summer/winter) or part-time (e.g. 50% of full-time). In case b), two part-time or seasonal jobs are counted as one job, provided the working times of original jobs are approximately half of a full-time job. The total number (as an integer) of the computational units of a) and b) are counted as the number of new jobs created in the project.

However, both applicants and regional administrators have complained about the difficulty to assess whether a job will last 5 years. An accepted general practice is to count all new jobs which can be expected to continue at least “several months” but there is no general agreement or instruction about the minimum length. Consequently, there is a lot of flexibility in the application which must be taken into account when assessing the figures.

If the support is granted for starting a new firm it is assumed that at least one new job is created at the same time.

### **Content of data**

In all the sub-systems the applicant must indicate the number of new jobs in the application form. The administrators are advised to check the plausibility of the figures. The figures must be updated according to the latest situation when a payment application is made. In the case of EDGs the administrators should also find out the situation after two years of the end of the project: have the jobs remained and have the other effects of the project realised? Still, in practice this kind of control is carried out only for a limited number of projects in some regions.

According to the data<sup>4</sup> concerning this control the number of new jobs existing after two year of the finishing the project was 61% of the number announced at the application stage. A rule of thumb among the Managing Authorities (MAs) is that the number of checked new jobs at the end of project is about four fifths of the number in the application stage. Consequently, the number of realised jobs is about one fifth less than the number of planned jobs, and in addition, more than a fifth of the realised jobs are lost within two years after finishing the project.

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<sup>4</sup> The sample data provided by MAs covers 2,916 ERDF projects finished during 2000-2008.

However, in the case of Finnvera the original figures given in the application remain and they are not updated later. Consequently, while it is possible to report the final figures of realised new jobs of the finished projects from Tuki2000 and EURA monitoring systems there are only figures of planned jobs available from Finnvera. This means that there are two classes of figures available with different status. The figures of Finnvera are in most cases separated from other ERDF projects in the Annual Implementation Reports (AIRs).

The problem arises from the fact that Finnvera is a financing company acting like a bank. Their concern is first of all the financial facts of their client firms. From their point of view the number of new jobs in a project they finance is not interesting and they are not willing to put effort on maintaining this kind of information. Respectively, their clients (SMEs) are also not very concerned about assessing the jobs because jobs are not an important criterion for the finance. In addition, SMEs do not often even know that a part of the interest rate support they receive comes from ERDF.

The coordinating ministry is aware of the problem but there seems not to be a realistic chance to change the practice within the existing programming period. The role of Finnvera in the next programming period is still unclear. A common view among the MAs is that if Finnvera continues to be a part of the ERDF programmes it will be required to improve its reliability check routines of the indicators.

New jobs must be created directly within the project. In the case of direct grants or FEIs the jobs must be created in the firm receiving the finance. In the other ERDF projects, many of them run by regional or local public organizations, the jobs must be created in the organization in question or in the firms or third sector organizations taking part in the project (see about double-counting below). Indirect job creation, e.g. via increased purchase of goods or services from other firms is not counted.

Jobs safeguarded or maintained are not counted<sup>5</sup>. Project-time jobs (e.g. construction jobs of an investment) are also not included.

Preventing double-counting has been a concern in the present programme period. There are instructions for administrators on how the potential problem cases should be dealt with. For example, it is not allowed to count same jobs for a cluster development project and for a firm taking part to this project if the firm at the same time has a grant for a firm level project connected with the cluster project. However, the administrators admit that there might still be cases where double-counting exists but as a whole they see it as a rather small problem compared with, for example, deadweight and high death rate of jobs created.

In addition to new jobs in total, core indicators include three other indicators related with jobs: new women's jobs, new R&D jobs and new women's R&D jobs. All these indicators are collected in the application process and maintained in the same way as the jobs' total in TUKI2000 and EURA monitoring systems. In the case of Finnvera, R&D jobs and women's R&D jobs are not distinguished. This is mainly because Finnvera does not normally provide finance for R&D projects. Other qualitative aspects of new jobs are not included, like age of the workers (including youth employment) or educational/expertise level of the job. However, the sector

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<sup>5</sup> The experience from the programme period 2000-06 showed that jobs safeguarded or maintained could not be defined in an understandable way and the figures were not reliable by any standards.

classification of a supported enterprise is recorded. This makes it possible to report new jobs by sector.

The definition of “new job” does not differ essentially between ERDF and ESF programmes.

According to the monitoring systems, the ERDF programmes of mainland Finland created about 24,300 new jobs by the end of 2011 of which 14,900 were realised jobs checked after the finishing of the projects (Tuki2000 and EURA) and 9,400 non-checked planned jobs of finished projects (Finnvera). It is evident that these figures overvalue the real results of the job creation due to exaggeration in the application phase (Finnvera), relatively high death rate of the realised jobs and high deadweight (see section 4).

### **Wider use of indicator**

The indicator data for new jobs is aggregated separately from each of the three monitoring systems at programme level and at national level<sup>6</sup>. The monitoring systems are centralised and under the responsibility of the Ministry of Labour and the Economy, and Finnvera. Consequently, they function in the same way in all programmes. The plausibility checks are carried out first of all at project level during the maintaining process of the monitoring systems. The realisation rates of the indicators are compared between programmes (and between regions and priorities within programmes). Exceptional differences may lead to questions to regional authorities and additional checks in some cases.

The aggregate figures of indicators are simply gross sums of project level figures. There are no deductions applied because of deadweight or other factors. Consequently, the aggregate indicators represent measurable gross results of projects. The indicators reported in AIRs (since 2010) are limited to the final results of finished projects, except in the case of Finnvera where the original planned figures from the application stage remain in the monitoring system till the end of the project. Finnvera's figures remain in AIRs as a separate group.

In addition to the jobs created in the ERDF projects, the ESF programme of mainland Finland created 12,000 new jobs during 2007-2011<sup>7</sup>.

In addition to ERDF and ESF there is only one significant national programme<sup>8</sup> in effect connected with regional policy, the Centre of Expertise Programme (OSKE). Its objective is to create new innovations, products, services, enterprises and jobs based on top expertise and regional specialisations. While OSKE's principal indicators are connected with innovation and internationalisation, the creation of expertise intensive new jobs belongs to the set of the steering indicators of the programme. The projects finished by the end of 2011 created 2,500 new jobs. It must be noted that OSKE and ERDF programmes are closely linked, and many projects of OSKE are co-financed from ERDF programmes (projects belong to both programmes). Consequently, new jobs created in OSKE cannot be added with jobs created in ERDF programmes.

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<sup>6</sup> National level covers the programmes of the mainland Finland, not Åland.

<sup>7</sup> The Rural Development Programme of mainland Finland (co-financed by Agricultural Fund EAFRD) also aims at creating new jobs. The result is 1,400 new jobs by the end of 2011. The national archipelago policy programme also aims at supporting the creation of new jobs but without exact targets or monitoring.

<sup>8</sup> The Regional Cohesion and Competitiveness Programme, COCO, was cancelled at the end of 2011 by the decision of the Government (nominated in June 2011).



In addition to the above programmes there are several support schemes for enterprises in use. As a matter of fact, direct support to enterprises from ERDF, ESF and EAFRD represent<sup>9</sup> about 15% of all direct support to enterprises<sup>10</sup> in Finland (Pietarinen 2012). The biggest support schemes outside EU programmes are connected with R&D support (other than ERDF), several forms of energy support, export support, industry specific support (especially ship-building), goods transport support and support schemes aimed at creating jobs. Among the last group the most important one is the Salary Support Scheme providing direct support up to 75% for salary costs to an enterprise to hire an unemployed person, with certain conditions. There is also "Starttiraha" (starting money) system providing a grant for unemployed persons and for certain other groups for starting an own firm.

### 3. Cost per job created

A rough picture of the costs per new job can be given by dividing the total expenditure or ERDF support of projects by the number of new jobs created in a priority or policy area. It must be noted that this approach overestimates the cost of job created in most cases. Creating new jobs has a high priority in all programmes at programme level but this is not necessary the case at project level. In transport, environment and territorial development projects it is clear that the objectives are not related with direct creation of new jobs within the project. Most of the jobs are created in projects based on direct support to enterprises. However, most supported projects of SMEs are first of all aimed at increasing production capacity (traditional investments), developing new or better products or production methods (R&D and other innovative investments) or enhancing markets (marketing and export promotion). In these cases new jobs are resulted from increased need for labour due to increased output. The support and own finance is used first of all to cover the costs of the physical or non-physical investment while the cost of additional workers is paid by the increased turnover of the firm. Only in a small part of projects the support is used primarily to pay the costs of new jobs (e.g. EDGs for salary costs to small enterprises).

Calculations of expenditure per new job in the period 2007-2011 (Figure 2) show that the total expenditure is EUR 103,000 and ERDF support is EUR 41,000 per new job for all projects in average. Limiting to the direct support to enterprises gives a different picture especially concerning ERDF support: total expenditure is EUR 98,000 and ERDF support is EUR 26,000 per job. In the priority of innovation and networking, consisting mainly of promoting enterprise environment by other means than direct grants to SMEs, total expenditure is EUR 88,000 and ERDF support EUR 59,000 per job. In the accessibility and environment priority, with only few new jobs, the total expenditure and ERDF support per job are significantly higher.

The division by source of expenditure for all projects differs between priorities. The distribution of all projects as a whole is: ERDF 41%, other public sector 9% and private sector 50%. In the case of direct support to enterprises the share of the public sector is lower and that of the private sector higher: ERDF 26%, other public sector 1% and private sector 73%. Respectively,

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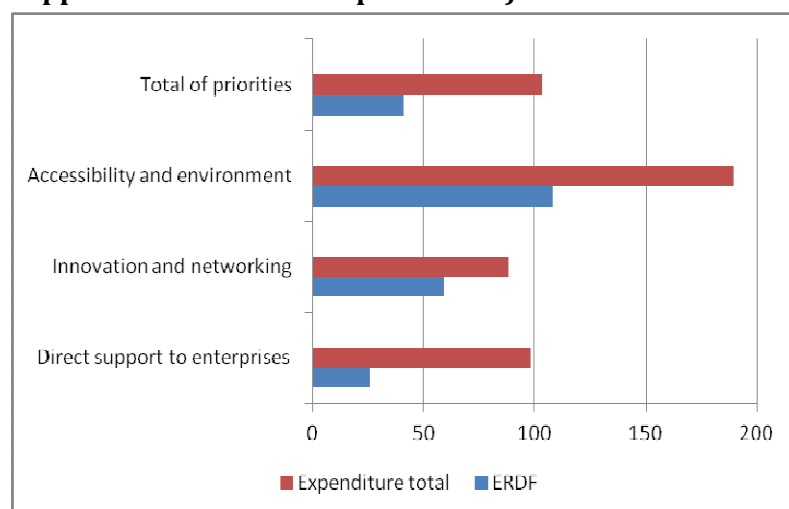
<sup>9</sup> The share of the state of Finland of the funding of EU programmes.

<sup>10</sup> Total sum EUR 1,234 million in 2011. Tax reduction support, the value of free or underpriced services to enterprises and support from municipalities not included.

in the other priorities the share of the ERDF and the other public sector are higher and the share of the private sector is smaller, respectively.

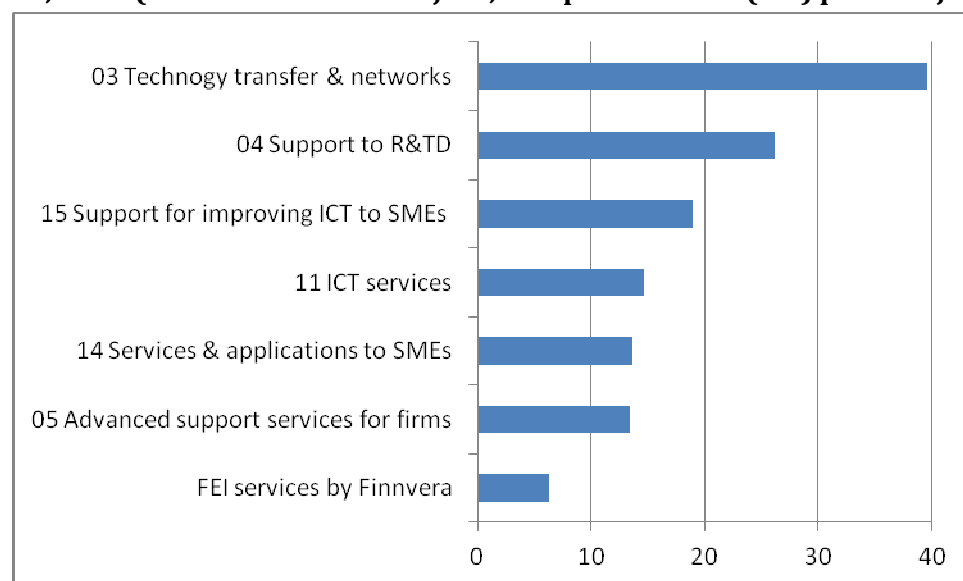
Limiting to selected priority themes where the majority of new jobs are created gives a more realistic picture of the costs per job (Figure 3). The figure includes five categories based on grants, and in addition there are the FEI services from Finnvera separately. In the case of grants the cost per new job varies from EUR 13,000 to EUR 40,000. The lowest cost can be found in advanced support services for firms and groups of firms while the highest cost is in technology transfer and improvement of cooperation networks.

**Figure 2 - Total expenditure and ERDF support per new job (EUR thousand) by priority in mainland Finland programmes, by Dec. 31, 2011 (realised and verified jobs; technical support excluded from expenditures)**



Source: Monitoring systems of ERDF programmes.

**Figure 3 - ERDF support per new job (EUR thousand) of selected priority themes, by Dec. 31, 2011 (realised and verified jobs, except Finnvera's (FEI) planned jobs)**



Source: Monitoring systems of ERDF programmes.

In the FEI services provided by Finnvera, including interest rate subsidies of loans, guarantee costs and risk capital investments, the average cost per new job is significantly lower than for

grants, EUR 6,000 per job. The projects financed by Finnvera's loans (typically physical investments and starts of new enterprises) seem to create a relatively high number of new jobs while the cost of the support is rather low, consisting of interest rate subsidy. However, it must be noted that the new jobs in the Finnvera's monitoring system are planned jobs from the application stage. They may over-estimate the actual result. On the other hand, there is no benefit for the applicant to exaggerate the number of expected jobs because job creation is not the main criterion to get the finance from Finnvera.

#### **4. The indicator of job creation in evaluations and AIRs**

The programme evaluations carried out during the present period, as well as in the previous period 2000-06, have been rather careful in assessing the net job creation, especially from the point of view of regional employment development.

In the present programming period many of the problems of the previous period in the indicators concerning new jobs have been corrected. The concept of new job has been defined reasonably clearly and the same concepts are used in all programmes and all priorities. Double-counting has been eliminated as much as possible. Jobs maintained or safeguarded are not counted any more. The realisation of new jobs is verified after the project is finished and the reporting is based on verified jobs, except for the projects of Finnvera. On this basis it can be stated that the monitoring systems give reasonably reliable results of the jobs created at project level and in gross terms.

Net job creation depends on several factors: deadweight rate of the projects affects the net increase of new jobs. Another factor is the real duration of the jobs created by the projects. This is also related with the lifetime of new enterprises founded while a part of new jobs are created together with new firms. A third factor is displacement or substitution effects causing that a part of the increase in jobs may be overridden by the decrease elsewhere.

In the case of EDGs applicants must specify in the application form whether there is partial deadweight connected with the finance<sup>11</sup>. Of the 6,000 projects accepted in the present programme period (Jan 2007 – March 2013) only 29% would not have started the project without the grant while 71% would have started it anyway with some restrictions (partial deadweight): 34% would have carried out the project with smaller resources, 27% at lower level and 10% later or with a longer schedule.

Deadweight has been studied with various methods both in evaluations (e.g. Karjalainen et al, 2011) and in other studies (e.g. Tokila, 2011). Karjalainen estimated that the deadweight of EDGs (creating the majority of new jobs) varies between 35% and 45%, the lowest rate being in Eastern Finland and the highest in Southern Finland. Tokila's study covered also other enterprise support than ERDF. She concluded that on average one third of the support has been wasted due to deadweight but in some regions and certain support schemes the loss is much higher.

Serious studies on the lifetime of new jobs created supported by ERDF or public aid in general are not available. The results from EDGs (section 2, p. 8) indicate that a significant share of new

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<sup>11</sup> Total deadweight (project plan would be carried out as such in any case) is not accepted.

jobs is lost within two years after the project is finished. Concerning all jobs, it is known that both the average birth rate and the death rate of jobs has varied between 10% and 15% annually since 2000 (Böckeman & Maliranta 2012). According to Tokila (2011) new firms founded with help of public support last longer on average than new firms founded without support. Consequently, it can be expected that at least the new jobs created resulting from new firm foundations can be considered as long-lasting.

The potential substitution effects of ERDF support are mainly related to grants for firms doing business in local or regional markets. For instance, support for investment could lead to an increase in the market share of the supported companies at the cost of competing firms. Consequently, a part of the increase in jobs may be overridden by the decrease in competing firms. Instead, when support is granted for exporting firms and SMEs participating to export networks (or for SMEs in “disadvantaged” regions exporting to “advantaged” regions) substitution effects at regional level are likely to be small. However, the share of ERDF support targeted to firms active in local or regional markets, e.g. construction, retail trade, catering and local household services, is rather small according to monitoring data. In a study on enterprise support from the previous programme period it was found that regional distortion effects on competition exist but it is not a major problem (Laakso et al 2005).

Several studies have been published on the effects of enterprise support on growth and employment. None of them is focused especially in the ERDF support but most of them have a broader view. Many of the recent studies are based on a large panel data of enterprises constructed by Statistics Finland. The data includes both supported and non-supported enterprises and contains several business indicators and information on public support. According to initial results of an ongoing study by Hyytinen & Ylhäinen (2012) concentrating on Finnvera’s activities the support affects positively turnover and export growth, as well as employment growth. In contrast, there has been no significant effect on productivity. These results are in line with those of Koski & Ylä-Anttila (2011) and Koski & Pajarinen (2010). However, these studies based on micro-level data do not take into account the possible negative effects of the support on other firms.

These results support the view that even if the deadweight is high support to enterprises co-financed by ERDF programmes produces a net increase in jobs at least at enterprise level. Although it would be possible to estimate net job creation of programmes, there are several reservations. It requires that the results of studies on dead weight are applied, realistic assumptions on the lifetime of new jobs are made and anticipated substitution effects are controlled. In addition, indirect positive effects of job creation (via regional multiplicative effect) should be included. This kind of indicative calculation was included in the Expert Evaluation Network (EEN) country report of 2011 and updated in 2012 (Laakso et al 2011 and 2012). According to the calculation<sup>12</sup>, the average annual net increase of jobs from ERDF support is 0.6% of the total number of people employed in Eastern Finland, 0.5% in Northern Finland, 0.2% in Western Finland and 0.1% in Southern Finland over the period 2007-2011.

However, both the University researchers and programme administrators in Finland seem to be suspicious toward this kind of exercise because there are several uncertain factors on which

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<sup>12</sup> It is possible that the death rates of new jobs as well as substitution effects are under-estimated in these calculations.

assumptions need to be made. The authors of this paper nevertheless recommend including the assessment of net job creation on the evaluation agenda in the next period.

## 5. Looking forward to the 2014-2020 programming period

MAs from the Ministry of Labour and the Economy have assisted, via the Evaluation Network of DG Regio, to the development of the Guidance document on monitoring and evaluation for 2014-2020, including the common indicators. However, the document and its ideas have not been circulated to the regional authorities, so far. There has been no exchange between the MAs and regional actors on the Guidance note.

From the point of view of MAs in Finland the concepts and the framework are sensible and applicable. They are being used as a basis in the preparation of the next programming period concerning indicators and evaluation. However, there is no guarantee that the regional authorities and other actors see the framework in the same way as MAs. The discussion on these topics will be certainly taken up when it comes to decide in practice on details in relation to the indicators, monitoring systems and evaluation. This will be later this year and in the course of next year.

According to MAs the common indicators presented in the annex of the document are acceptable and there should be no specific problem in collecting the data and monitoring them. The view of the authors of this paper is that although it would be technically possible to collect the data and monitor the indicators, a significant share of the indicators is rather irrelevant in relation to the focus of the programmes in the next period. These include most of the suggested indicators for transport, environment, social infrastructure and urban development. It can be expected that the meaningfulness of several indicators will be questioned by representatives of the regions.

## 6. Further remarks

### Effects of enterprise support

An evaluation of all direct enterprise support schemes supported by the government was published recently (Pietarinen 2012). According to the report the total sum of direct support was EUR 1,230 million in 2011 of which about 15% was financed from EU programmes<sup>13</sup>. Of the support schemes co-financed by ERDF only EDGs and Finnvera's subsidised loans and guarantees were included. The effects of the support were evaluated with respect to five criteria: (1) correction of failures of financial markets, (2) promotion of external effects (R&D&I, environment), (3) maintenance of a fair competition, (4) effects on regional development, and (5) effects on employment.

According to the evaluation a number of support schemes, covering 15% of all enterprise support financed by the State, are totally ineffective and should be cancelled completely. About 40% of all support has only little effect and this part needs to be revised. The remaining schemes (45% of support) have clear positive effects according to the criteria. An interesting

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<sup>13</sup> Only the share of the Finnish State of ERDF was included in the calculation but not the share paid by EU or by the Finnish municipalities or regional authorities.

result is that the interventions co-financed from ERDF (EDGs and Finnvera's FEIs) are in the category of support schemes having positive effects. There are nevertheless suggestions for improvements.

### Development needs of the job creation indicators

Job creation has been defined as a core indicator in all ERDF programmes and it has a high priority in the monitoring and evaluation of the results. MAs have put much effort to make it a functional and reliable indicator: the definitions and instructions have been clarified and the verification of the figures has been improved compared with the previous programme period.

There is still need to improve the indicators in the next programme period: the definition of "new job" should be revised so that the expected minimum duration of the job is realistic, e.g. minimum 0.5-1 year, instead of 5 years (the present definition). The remaining problems of double counting should be eliminated. Finnvera should start applying the verification of the number of jobs created after the project is finished and payments made. The follow up of jobs 2 years after the project has finished should be continued at least for a sample of projects. The results of comparisons between planned and verified jobs as well as between the finishing stage and after two years should be reported in AIRs. In addition, the estimation of net job creation in the regions should be improved and included in the evaluations.

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### **Other material (from Ministry of Labour and the Economy)**

Data on dead weight of accepted project applications (Enterprise Development Grants)

Data on the check of new jobs after two years from the finish of the project

## Interviews

(including communication by e-mail)

Harri Ahlgren, Senior Officer, the Ministry of Labour and the Economy

Sirpa Hautala, Senior Officer, the Ministry of Labour and the Economy

Pasi Rantahalvari, Counsellor, the Ministry of Labour and the Economy

Aila Ryyänen, Counsellor, the Ministry of Labour and the Economy

## Annex

### Tables

**Annex Table A - New jobs and actual expenditure by broad policy areas, Dec. 31, 2011**

Policy area		Jobs created					Actual expenditure ERDF (EU & Nat. State)	
		Realised (Tuki2000 & EURA)	Planned (Finnvera)	Total realised+ planned	% of realised	% of total	EUR million	% of total
1. Enterprise environment	RTDI and linked activities	3,485	2	3,487	23.3	14.3	152.8	22.4
	Innovation support for SMEs	6,985	8,019	15,004	46.8	61.7	217.5	31.8
	ICT and related services	521	0	521	3.5	2.1	19.4	2.8
	Other investment in firms	2,742	1,349	4,091	18.4	16.8	107.4	15.7
	Sub-total	13,733	9,370	23,103	91.9	95.0	497.1	72.8
2. Human resources	Education and training	2	0	2	0.0	0.0	4.9	0.7
	Labour market policies	23	0	23	0.2	0.1	4.0	0.6
	Sub-total	25	0	25	0.2	0.1	9.0	1.3
3. Transport	Rail	0	0	0	0.0	0.0	13.5	2.0
	Road	2	0	2	0.0	0.0	7.7	1.1
	Other transport	330	0	330	2.2	1.4	16.0	2.3
	Sub-total	332	0	332	2.2	1.4	37.3	5.5
4. Environment and energy	Energy infrastructure	121	0	121	0.8	0.5	9.9	1.5
	Environment and risk prevention	68	0	68	0.5	0.3	25.5	3.7
	Sub-total	189	0	189	1.3	0.8	35.4	5.2
5. Territorial development	Social infrastructure	15	0	15	0.1	0.1	5.2	0.8
	Tourism and culture	642	0	642	4.3	2.6	68.7	10.1
	Planning and rehabilitation	1	0	1	0.0	0.0	1.1	0.2
	Other	0	0	0	0.0	0.0	0.0	0.0
	Sub-total	658	0	658	4.4	2.7	74.9	11.0
6. Technical assistance	Sub-total	0	0	4	0.0	0.0	29.4	4.3
Not specified	Sub-total	504	47	551				
<b>TOTAL</b>		<b>15,445</b>	<b>9,417</b>	<b>24,862</b>	<b>100.0</b>	<b>100.0</b>	<b>683.2</b>	<b>100.0</b>

Source: Monitoring systems of ERDF programmes.



**Annex Table B - New jobs and actual expenditure by priority, Dec. 31, 2011**

Priority	Jobs created					Actual expenditure			
	Realised (Tuki2000 & EURA)	Planned (Finnvera)	Total realised + planned	% of realised	% of total	ERDF (EU & Nat.State) (EUR million)	% of total EU & Nat. State	All expend. incl. private (EUR million)	% of total All expend .
1. Support to enterprises	10,200	9,417	19,617	66.0	78.9	279.4	40.9	1,002	61.6
2. Innovation and networking	3,909	0	3,909	25.3	15.7	230.0	33.7	346	21.3
3. Accessibility and environment	1,163	0	1,163	7.5	4.7	125.6	18.4	220	13.5
4&5. Urban and thematic developments	173	0	173	1.1	0.7	19.8	2.9	29	1.8
6. Technical assistance	0	0	0	0.0	0.0	28.5	4.2	28	1.7
<b>TOTAL</b>	<b>15,445</b>	<b>9,417</b>	<b>24,862</b>	<b>100.0</b>	<b>100.0</b>	<b>683.2</b>	<b>100.0</b>	<b>1,626</b>	<b>100.0</b>

Source: Monitoring systems of ERDF programmes.

**Annex Table C - Targets for new jobs and expenditure frame by priority, whole period 2007-13**

Priority	Targets for new jobs 2007-13		Expenditure frame 2007-13 ERDF (EU & Nat.State)	
	Total no. of new jobs	% of total	EUR million	% of total
1. Support to enterprises	34,300	89.7	626.0	35.1
2. Innovation and networking	2,500	6.5	623.6	35.0
3. Accessibility and environment	980	2.6	355.2	19.9
4&5. Urban and thematic developments	450	1.2	98.5	5.5
6. Technical assistance	0	0.0	77.9	4.4
<b>TOTAL</b>	<b>38,230</b>	<b>100.0</b>	<b>1,781.3</b>	<b>100.0</b>

Source: Monitoring systems of ERDF programmes.