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**Interim report of the Mainland Finland Objective
5b programme**

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Contents

1 Summary	6
1.1 Suitability of the chosen strategy.....	6
1.2 Changes which have occurred in the implementation conditions	9
1.3 Programme based execution of the programme	10
1.4 Launch and results of the programme.....	13
1.5 Operational Programme 1	14
1.6 Operational Programme 2	18
1.7 Operational Programme 3	23
1.8 Operational Programme 4.....	26
1.9 Impact of the programme - quantitative aims.....	29
2 Evaluation task	
2.1 Main points of the evaluation.....	28.....
2.2 Emphasis of the evaluation.....	29
2.3 Evaluation points of the Operational Programmes	30
3 Data and procedures	32
3.1 Data.....	32...
3.2 Procedures for dealing with data.....	35
4 Evaluation of the execution of the Objective 5(b) Programme	
4.1 Suitability of the chosen strategy.....	37
4.1.1 Suitability of the strategy of the Objective 5(b) programme.....	37
4.1.2 Internal logic and regional objectives of the national Objective 5(b) programme	
4.1.3 Environment, equality and additionality	
4.2 Progress in the execution of the 5(b) programme ..	Error! Bookmark not defined.
4.2.1 Basis of the evaluation	Error! Bookmark not defined.
4.2.2 Description of the organisational execution of the Objective 5(b) Programme	Error! Bookmark not defined.
4.2.3 Administrative procedures in the execution of the Objective 5(b) Programme	Error! Bookmark not defined.
4.2.4 Execution processes of the programme	Error! Bookmark not defined.
4.2.5 Financing decisions	Error! Bookmark not defined.
4.2.6 Monitoring and evaluation.....	Error! Bookmark not defined.
4.2.7 Technical assistance.....	Error! Bookmark not defined.
4.2.8 Specific regional factors, by region	Error! Bookmark not defined.
5 Evaluation of Operational Programme 1: promotion of enterprise	76
5.1 Suitability of the aims and strategy of the Operational Programme	76
5.1.1 Strategy and aims of national Objective 5(b) Programme	Error! Bookmark not defined.
5.1.2 Implementation conditions and fundamental changes to these	

.....	Error! Bookmark not defined.
5.1.3 Strategies of the regions' programmes	Error! Bookmark not defined.
5.2 Progress in the execution of Operational Programme 1	Error! Bookmark not defined.
5.2.1 Generation of viable projects	Error! Bookmark not defined.
5.2.2 Promotion and implementation of financing	Error! Bookmark not defined.
5.2.3 Promotion according to region	Error! Bookmark not defined.
5.2.4 Will the regional frameworks be implemented as anticipated?	Error! Bookmark not defined.
5.3 Operational Programme 1: evaluation of the outcome and effectiveness	Error! Bookmark not defined.
5.4 Measure 1.1 - evaluation (of increase in new enterprise)	Error! Bookmark not defined.
5.4.1 Strategy, objectives and measures.....	Error! Bookmark not defined.
5.4.2 Execution of the measure.....	Error! Bookmark not defined.
5.4.3 Results and impact of the measure.....	Error! Bookmark not defined.
5.5 Measure 1.2 - evaluation of business investment and development projects	Error! Bookmark not defined.
5.5.1 Strategy, objectives and measures.....	Error! Bookmark not defined.
5.5.2 Execution of the measure.....	Error! Bookmark not defined.
5.5.3 Results and impact of the measure.....	Error! Bookmark not defined.
5.6 Measure 1.3 - evaluation of improvement in the business operating environment	Error! Bookmark not defined.
5.6.1 Strategy, aims and measures.....	Error! Bookmark not defined.
5.6.2 Execution of the measure.....	Error! Bookmark not defined.
5.6.3 Results and impact of the measure.....	Error! Bookmark not defined.
5.7 Measure 1.4 evaluation of promotion of the utilisation of bioenergy and renewable energy sources (not in primary production sectors)	Error! Bookmark not defined.
5.7.1 Strategy, aims and measures.....	Error! Bookmark not defined.
5.7.2 Execution of the measure.....	Error! Bookmark not defined.
5.7.3 Results and impact of the measure.....	Error! Bookmark not defined.

6 Evaluation of Operational Programme 2 -diversification in primary production

.....	Error! Bookmark not defined.
6.1 Suitability of the aims and strategy of the Operational Programme	Error! Bookmark not defined.
6.1.1 Strategy and aims of the Objective 5(b) Operational Programme 2	Error! Bookmark not defined.
6.1.2 Implementation conditions	Error! Bookmark not defined.
6.1.3 Strategy of regional programmes	Error! Bookmark not defined.
6.2 Evaluation of progress in the execution of Operational Programme 2	Error! Bookmark not defined.
6.2.1 Generation of viable projects	Error! Bookmark not defined.
6.2.2 Implementation of projects and financing	Error! Bookmark not defined.
6.3 Evaluation of results and impact of Operational Programme 2	Error! Bookmark not defined.
6.3.1 Evaluation of results.....	Error! Bookmark not defined.
6.3.2 Evaluation of the Operational Programme's impact	Error! Bookmark not defined.
6.4 Measure 2.1 - Development of diversity in rural businesses	Error! Bookmark not defined.
6.4.1 Strategy, aims and measures.....	Error! Bookmark not defined.
6.4.2 Execution of the measure.....	Error! Bookmark not defined.

6.4.3 Results and impact of the Measure	Error! Bookmark not defined.
6.5 Evaluation of Measure 2.2 - Utilisation and management of forests, promotion of energy utilisation	
.....	
Error! Bookmark not defined.	
6.5.1 Strategy, aims and measures.....	Error! Bookmark not defined.
6.5.2 Execution of the measure.....	Error! Bookmark not defined.
6.5.3 Results and impact of the Measure	Error! Bookmark not defined.
6.6 Evaluation of Measure 2.3 - development of small-scale mechanical timber processing on farms	Error! Bookmark not defined.
6.6.1 Strategy, aims and measures.....	Error! Bookmark not defined.
6.6.2 Execution of the Measure	Error! Bookmark not defined.
6.6.3 Results and impact of the Measure	Error! Bookmark not defined.
6.7 Measure 2.4 - Development of rural and village tourism	
.....	Error! Bookmark not defined.
6.7.1 Strategy, aims and measures.....	Error! Bookmark not defined.
6.7.2 Execution of the Measure	Error! Bookmark not defined.
6.7.3 Results and impact of the Measure	Error! Bookmark not defined.
6.8 Measure 2.5 - Technology projects assisting farm operations	
.....	Error! Bookmark not defined.
6.8.1 Strategy, aims and measures.....	Error! Bookmark not defined.
6.8.2 Execution of the measure.....	162
6.8.3 Result and impact.....	Error! Bookmark not defined.
6.9 Evaluation of Measure 2.6 - Training relating to rural tourism and the development of villages	Error! Bookmark not defined.
6.9.1 Strategy, aims and measures.....	Error! Bookmark not defined.
6.9.2 Execution of the Measure	Error! Bookmark not defined.

7 Evaluation of Operational Programme 3 : raising skill levels

Error! Bookmark not defined.	
7.1 Operational Programme 3 - suitability of strategy and aims.....	165
7.1.1 Raising skill levels as part of the aims of national Objective 5(b) programme	
Error! Bookmark not defined.	
7.1.2 Implementation conditions and fundamental changes in them.....	Error! Bookmark not defined.
7.1.3 Raising skill levels in the regions' developments strategies.....	Error! Bookmark not defined.
7.2 Promotion of the execution of Operational Programme 3	
.....	Error! Bookmark not defined.
7.2.1 Generation of viable projects	Error! Bookmark not defined.
7.2.2 Promotion and implementation of financing	Error! Bookmark not defined.
7.2.3 Promotion of projects, by region.....	Error! Bookmark not defined.
7.3 Evaluation of Measure 3.1: Development of training structure and increasing skill levels	Error! Bookmark not defined.
7.3.1 Strategy, aims and measures.....	Error! Bookmark not defined.
7.3.2 The Measures	Error! Bookmark not defined.
7.3.3 Results and impact of the Measure	Error! Bookmark not defined.
7.4 Evaluation of Measure 3.2: Utilisation of information from research and development bodies	Error! Bookmark not defined.
7.4.1 Strategy, aims and measures.....	Error! Bookmark not defined.
7.4.2 Execution of the Measure	
.....	Error! Bookmark not defined.

7.4.3 Results and impact of the Measure	Error! Bookmark not defined.
7.5 Evaluation of Measure 3.3: Promotion of enterprise in SME's by increasing skill levels.....	Error! Bookmark not defined.
7.5.1 Strategy, aims and measures.....	Error! Bookmark not defined.
7.5.2 Execution of the Measure	Error! Bookmark not defined.
7.5.3 Results and impact of the Measure	Error! Bookmark not defined.

8 Evaluation of Operational Programme 4: development of rural communities

8.1 Suitability of the aims and strategy of the Operational Programme	Error! Bookmark not defined.
8.1.1 Strategy and aims of the national Objective 5(b) programme's Operational Programme 4	Error! Bookmark not defined.
8.1.2 Implementation conditions and fundamental changes to these	Error! Bookmark not defined.
8.1.3 Strategies of regional programmes	Error! Bookmark not defined.
8.2 Promotion of execution of Operational Programme 4 ..	Error! Bookmark not defined.
8.2.1 Generation of viable projects	Error! Bookmark not defined.
8.2.2 Promotion and implementation of financing	Error! Bookmark not defined.
8.2.3 Progress, by region.....	Error! Bookmark not defined.
8.2.4 Will the regional frameworks be implemented as anticipated?	Error! Bookmark not defined.
8.3 Evaluation of the results and impact of Operational Programme 4	Error! Bookmark not defined.
8.3.1 Evaluation of impact	Error! Bookmark not defined.
8.4 Evaluation of Measure 4.1: development of telecommunication links	Error! Bookmark not defined.
8.4.1 Strategies, aims and measures	Error! Bookmark not defined.
8.4.2 Execution of the Measure	Error! Bookmark not defined.
8.4.3 Results and impact of the Measure	Error! Bookmark not defined.
8.5 Evaluation of Measure 4.2: development of telecommunication services	Error! Bookmark not defined.
8.5.1 Strategies, aims and measures	Error! Bookmark not defined.
8.5.2 Execution of the Measure	Error! Bookmark not defined.
8.5.3 Results and impact of the Measure	Error! Bookmark not defined.
8.6 Evaluation of Measure 4.3: environmental protection and improvement	Error! Bookmark not defined.
8.6.1 Strategies, aims and measures	Error! Bookmark not defined.
8.6.2 Execution of the Measure	Error! Bookmark not defined.
8.6.3 Results and impact of the Measure	Error! Bookmark not defined.
8.7 Evaluation of Measure 4.4: improvement of water and waste management	Error! Bookmark not defined.
8.7.1 Strategies, aims and measures	Error! Bookmark not defined.
8.7.2 Execution of the Measure	Error! Bookmark not defined.
8.7.3 Results and impact of the Measure	Error! Bookmark not defined.
8.8 Evaluation of Measure 4.5: utilisation of disused buildings	Error! Bookmark not defined.
8.8.1 Strategies, aims and measures	Error! Bookmark not defined.
8.8.2 Execution of the Measure	Error! Bookmark not defined.
8.8.3 Results and impact of the Measure	Error! Bookmark not defined.
8.9 Evaluation of Measure 4.6: reorganisation of services ..	Error! Bookmark not defined.

-
- 8.9.1 Strategies, aims and measures**Error! Bookmark not defined.**
 - 8.9.2 Execution of the Measure**Error! Bookmark not defined.**
 - 8.9.3 Results and impact of the Measure**Error! Bookmark not defined.**

9 Evaluation of the results and impact of the programme

Error! Bookmark not defined.

- 9.1 Implementation conditions**Error! Bookmark not defined.**
 - 9.1.1 General and Regional development trends**Error! Bookmark not defined.**
 - 9.1.2 Policy changes**Error! Bookmark not defined.**
- 9.2 Results of the Objective 5(b) programme to the end of 1996
.....**Error! Bookmark not defined.**
- 9.3 Ex ante appraisal of the results**Error! Bookmark not defined.**
 - 9.3.1 Quantitative aims of the Mainland Finland Objective 5(b) programme
.....**Error! Bookmark not defined.**

Summary

In accordance with the evaluation plan, this interim report concentrates on the following issues:

- Is the original rural area development strategy of the Objective 5(b) programme still relevant, taking into account the changes which have occurred in the **operating environment** and in the light of experience.
- Are there problems in the **execution** of the Objective 5(b) programme (in the administrative arrangements and channeling of financing) which weaken the effectiveness and efficiency of the programme. Have any of these factors been dealt with?
- Does the implementation of the programme **conform** with the other operating principles and policies of the European Union.
- How has the programme been **implemented** in relation to the measures planned and the objectives set (i.e. its **impact**) and has the realisation of this been effective?

The evaluation group puts forward the following points on the basis of the problem analysis brought to the fore:

- **its proposed measures** to the Monitoring Committee, as well as
- other conclusions and **recommendations**, by which different implementing bodies can promote implementation of the programme.

The evaluation group has had a large volume of information at its disposal including; Monitoring registers, regional statistical data bases and material collected from interviews, postal questionnaires and written sources. The quality and comprehensive nature of the data in the monitoring register has left a lot to be desired.

Suitability of the chosen strategy

The **two-stage nature** of the programme process and lack of co-ordination between the regions and different interpretations of the status of the regional programmes have weakened the clarity of the Objective 5(b) programme. Implementation of the

programme and its regional-based nature remains **crucially dependent on the execution processes of the programme**. The problems which have been uncovered in the light of the execution of the programme and in the monitoring system show that the **regionally-based principles have not been interpreted consistently**.

There have been difficulties in Finland in the process of defining the Objective region. In the definition of the regional areas to be applied, according to either the regional area or division, the basis of that definition should be towards a smaller area, like the municipal areas, or be correspondingly more flexible in its use in the implementation of the programme. The Objective 5(b) programme needs to be applied to the development of the industrialised regional areas, although this programme is not the best way to define the regions in relation to the areas in question.

The quantitative aims of the programme, “of narrowing GDP differences in income and the degree of development between the Objective 5(b) regions and other parts of Finland” are in accordance with the EU’s **cohesion** objectives. Other objectives support this achievement but the connections with the objectives are not straightforward as the direct connection between employment and GDP has constantly become weakened.

On the theoretical level, the aims of the implementation concept for the programme, national regional policy and those of the EU’s Structural Funds are very well suited to each other. Monitoring is to ensure that the **allocation of the measures** of the national and EU Objective programmes do not differ too much in regional terms. The provincial associations have to monitor all allocations of regional development resources in their own region.

The central problem from the **perspective of the region**, in their implementation of the programme, is that there is too great a degree of differentiation in the formulation and implementation processes involved. Programmes may be formulated which originate at regional level and stress the regional area perspective but at the funding stage, officials have, as a general rule, looked at them from the point of view of a series of national, sector-based objectives. Consideration of the regional area point of view only makes progress where the policy of the officials implementing the measure is given sufficient scope to carry out measures which have been differentiated at regional level.

The use of analysis of problems and strategies which are directed at the measures in the Objective 5(b) programme have remained on a very general level, at least in comparison with the models shown in the EU’s Structural Fund guides. For this reason, a **“gap”, or at least a certain amount of slack, is left between the sub-regional areas of the national programme and the projects**”. In order that the programme can direct the generation of projects, the allocation of funding should be more carefully focussed on the regions’ programmes, or more restricted in the implementation of the programmes.

The relatively small scale of resources for the Objective 5(b) programme in comparison with the channeling of funds to other parts of the public sector economy would recommend **the precise allocation of financing to selected targets**. The strategic emphasis in the approved Objective 5(b) programme only appears in the input between the Operational Programmes, whereas between the regions there is recognition of the distribution of resources according to population levels. There are differences between

the regions in the structure and coverage of the programme and in its compatibility with the national programme. These differences weaken the strategies employed in the implementation of the programmes, even although the 5 (b) programme encompasses wide-ranging objectives.

RECOMMENDATION (1): The interpretations of how to standardise the execution of a programme designed to cover 14 regions, based on the single 5(b) programme, need to be clarified.

RECOMMENDATION (2) The use of **national regional development financing** is the most flexible means by which to rectify situations in which certain regions, for reasons of **programme boundaries**, are forced into a worse position than regions which are comparable to them.

RECOMMENDATION (3) Allocation for the 5b programme is to be more closely focussed on the region's programmes or through the implementing programmes. Where there may be a need to revise the regions' programmes, the quantitative aims have to be taken as being equivalent to those for the Mainland Finland objectives. As a result of negative population development (migration) in the Objective 5b region, it would be appropriate to set a population target, or a target in respect of net population change in the region.

RECOMMENDATION (4) Compatibility between the regions' programmes and the national 5b-programme may be improved by reconsidering them. A strengthened regional 5b-programme has to give primary importance to the **generation of viable projects** first and foremost.

Compliance with Community policy

Consideration of the environmental impact of the implementation of the Objective 5b-programme varies from region to region. There is a need to standardise existing good practices based on operating models in projects, or utilise technical assistance in projects. A new option is to be seen in compatibility in the use of regional planning and regional development work at the regional level.

The Objective 5b-programme offers wide-ranging possibilities for the implementation of projects which promote equality; the obstacle seems to be a lack of awareness of the opportunities and problems.

The calculation of additionality for the 5(b) programme as a total amount is not sufficient, in the opinion of the Appraisers, to guarantee surplus value through EU funding for the 5(b) regions. There is justification for monitoring, both according to the Operational Programme involved, and by region, in order that the added value obtained by the regions can be verified. There is also justification for directing much more vigorous development measures to the 5(b) region than previously and to remove the seepage which reduces the opportunities for obtaining added value from the regions' programmes. Added value may also be obtained by improving the quality and allocation of projects: **in order to obtain a complete picture, monitoring of the aid intensity for all the different development measures in the region's programme should be checked jointly.**

RECOMMENDATION (5) The recommendation of the Ministry of the

Environment, the Finnish Environment Centres (SYKE), the regional environmental centres and the provincial associations is for the use of a joint assessment form for evaluating the environmental impact of projects (e.g. the South Pohjanmaa model).

RECOMMENDATION (6) Monitoring registers are to be developed so that womens' projects are classified in all the monitoring registers, in order that the importance and effects of these projects can be analysed separately in interim reports.

RECOMMENDED MEASURE (7) Where a programme project is implemented with the use of technical assistance, clarification is needed on the allocation of the different State funding sources and all the regional development funding needs to be formulated, by region, in respect of the general monitoring of financing.

Changes which have occurred in the implementation conditions

General economic development during the last three years has created favourable conditions for the development of the regions' economies. There have, however, been the growth of differences in the regions which are most clearly depicted by the negative balance of migration in the Objective 5(b) regions. The 5(b) regions are characterised by low GDP formation, although the unemployment rate is better than the national average for the country as a whole. Both these facts are closely connected with the relatively significant role played by agriculture in the regions' economic structure.

In considering the different parts of the programme, the most significant changes in the implementation conditions are directed towards agriculture and thus to Operational Programme 2 (the diversification of agriculture). At the stage of formulating the programme, the **problems of adjustment in agriculture**, arising from membership of the EU were plain enough, but there were many uncertainties associated with the problem at that time. In 1994, the starting point behind the general concept of the regional programmes was that adjustment to EU agricultural policy would be dealt with by other means than through the Objective 5(b) programme. The aim of the national 5b-programme, is also however, the improvement of competitiveness in agriculture. The problems of agriculture and the uncertainty of production conditions stem from the fact that the **EU's Common Agriculture Policy is not able to take into account the different production conditions of Finnish agriculture as these compare with other Member States.**

The most important changes in the conditions for the implementation of Operational Programme 2 in relation to agriculture are as follows :

- continued uncertainty associated with aid policy, including the time limit for aid in accordance with Article 141,
- cutting the level of the national aid package for the whole country by FIM 750 million in 1995, immediately after approval of the plan,
- the unique nature of the implementation conditions in 1995: the one-off reduction in producers' prices, by an average of 40 %, aid being at its highest level during the transitional period and the loss in value of reserves which arose from the one-off payment of transitional relief.

The conditions for implementing Operational Programme 1 have changed from the original plan for the regions, particularly with regard to the cuts in the total amount of **business aid** and through changes in energy policy legislation. There has been particular concern in the regions over reductions in national business financing in the Objective 5(b) area.

During the time of executing the programme, the pressure on the financial position of the regions has grown further. A reduction in the room for manoeuvre in economic matters **weakens the ability of the regions to operate as the central activator of economic development in their areas**. This pressure increases and maintains the cut backs in State programmes which are directed to the regions, the magnitude of which is equal to the cash input of the EU Objective programmes for the regions. These changes have an impact, in particular on the implementation of Operational Programme 4 .

There have not been major changes in relation to the conditions for implementing Operational Programme 3 during the period of the programme. In practice, however, it has been noticed that ESF-funding is not always competitive in comparison with equivalent national schemes, due to the the complex nature of its provisions.

CONCLUSION: During the first two years of implementing the Objective 5(b) programme, fundamental national policy changes have taken place in the operating environment which are in conflict with the aims of the 5(b) programme, or which have weakened its opportunities for achieving the aims laid down. The Monitoring Committee will have to discuss these changes and the possibility of taking them into account in the strategy, objectives and funding framework of the programme.

Execution of the programme - its programme based nature

During the evaluation process, the Appraisers have come to the view, according to the **programme based operating model** (based on common objectives) that this has not become adequately established in the Finnish administration. However, almost all the bodies involved in implementing the programme, both at Ministerial level as well as at regional level, have expressed that *there has been real progress in the programme process in itself in respect of the partnership principle and its programme based nature*.

In the course of the evaluation, several factors have been perceived which have caused a fragmentation of the generation of viable projects within the programme's framework, in addition to a break-up of the coherence of the project measures as a whole. It is evident that there is a lack of clarity regarding the authority vested in the different implementors in the organisations involved in co-operative roles and that the direction of the programme is not understood in a consistent manner. The problem areas in the relationship between the central and local administration seem to be concentrated in the principle of **independent regional development**.

Administrative solutions are needed for the development of the **programme based nature** of the measures, if the development ideas originating at regional level are also to be carried through to the implementation stage. There is need for clarification and confirmation to be given to the organisations responsible for co-ordinating the status of the 5(b) programme, a clearer separation of EU funding from the State financing

share than at present, significantly more flexibility in the use of budgetary resources as well as the retention of project selection at regional level.

The role of the provincial associations' working groups is slightly conflicting. As a result of the composition and size of groups it has been sensible to delegate decision-making power to the sub-committee but the working group's own opportunity to influence events has at the same time remained very small. In small 5b regions the sub-committee may be entirely composed of officials from outside their region.

There has been an attempt to control the project cycle and overall project management for the programme measures at the outset in several regions. The **activation of generating viable project planning** kindled by officials and the outcome of directing this to certain key sectors is an important factor in implementing the 5(b) programme and for stimulating co-operation between projects.

The lack of coherent selection criteria for projects has a disuniting effect in implementing the 5(b) programme. There is a danger that without integrated "rules" for the generation of viable projects, the programme based nature of the scheme will be forgotten and it will become more difficult to carry out these aims in individual projects. Differences between national legislation and the EU's criteria also make it more difficult to approve the implementation of projects in some cases. Project proposals which are rejected as a result of official direction are, however, few in number. The officials preparing project applications have estimated that more than half of the projects submitted are discarded at the planning stage. There is no common policy approach followed for registering rejected projects.

There is a greater need than previously for consistency in the implementation of policy between national and EU-programmes, that is, to create closer co-ordination of EU and special regional programmes with regions' Regional Development Programmes. The task of the regional working groups could be the co-ordination of both Regional Development Programmes and the implementation of EU regional programmes.

There is little co-operation between the regions in putting the Objective 5(b) programme into practice. The composition of administrative boundaries within the regions often causes problems in the implementation of programme based development. Regional boundaries between the different project areas also clearly create problems in considering regional development.

PROPOSED MEASURE (8) The Monitoring Committee is to take a stand on changes which will make the financial practices of the 5(b) programme more flexible:

According to the Appraisers, the following changes are essential: **Expenditure reserves from State national part financing should be taken out of the final decision on budgetary items and the basis of use is only be referred to in relation to EU projects. The final decision section of the budget could set out the amounts (in FIM) to be reserved for EU projects.** The final budgetary decision would estimate expenditure as a whole in regard to the extent to which branches of the administration participate in the national financing of structural funds and expenditure would be itemised according to the fund concerned and by the national regional funding requirement. At the discretion of the Ministries, a few budgetary items should be combined in the national portion of expenditure. As many as possible of the nationally funded budgetary items should be moved to the transferrable allocation item,

for a deployment period which is as long as that of the programme period.

RECOMMENDATION (9) The application process for the programmes should be amended so that the working group decides on the initial suitability of a project to the programme and only then is it directed to the appropriate final funding body. One means of implementing the 5(b) programme could be **programme agreements**, which are concluded under the supervision of the provincial associations and between the other bodies implementing it, including the State regional administration officials, business and regional authorities.

RECOMMENDATION (10) Publicity of the different Ministries is to be integrated at the national level. Opportunities for making the programme known could be a part of the work at regional level, a task for those knowledgeable about project planning and rural development. The most important tool is the personal transmission of knowledge and encouragement.

RECOMMENDATION (11) Joint procedural instructions are to be formulated for project selection. The good practices of a **draft project form** already in use in several regions should be extended to all regions. The Regional Committees are to draw up clear selection criteria for the information of applicants. A proposal is to be prepared at Ministerial level to “break through the traditional methods”, in order to reduce differences in the selection criteria between branches of the administration and to make co-operation between them more flexible.

RECOMMENDATION (14) National regional development funding has to be specifically directed at projects which cross Objective region or administrative boundaries in order to promote projects.

Monitoring and technical assistance

The role of the **REUHA** (Information System) register of projects is absolutely essential from the point of view of co-ordinating the 5(b) programme. The fact that it has not operated reliably, as an adequate tool to serve its various users up to now, is an indication of weakness and a lack of co-ordination in matters of co-operation. New measures were initiated to improve the Project Register in the summer of 1997.

Technical assistance has been used by the provincial associations for monitoring the programme, to publicise projects, and for co-ordination and evaluation purposes. With the exception of the development problems of the food manufacturing industry in South Pohjanmaa, technical assistance has not been used for pilot schemes in the co-ordination of generating viable projects and in the programme strategy. There is a need to concentrate technical assistance on programme co-ordination and for assisting in the drafting of projects at local level.

Technical assistance should be used to improve the programme’s monitoring system. The following schemes are the most urgent in this respect:

- the creation of monitoring for the allocation, by region, of the various State sources of funding (proposal 7),
- development of links between development projects and business schemes and the development potential of these,

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- the systematic collection of data arising from the experience of those involved in schemes (i.e. feedback) for the use of the regional development officials and for information purposes of project planners.

PROPOSED MEASURE (12) The REUHA Information System and the other monitoring registers which serve it should be put into a reliable, operational state without delay, so that the Monitoring Committee and Appraisers obtain the necessary monitoring data; the provincial associations will also obtain the necessary data for the purposes of the working groups. All similar data obtained for the Appraisers has to be protected (incl.business aid data).

Procedures for updating registers and for recording information on rejected projects should be clarified where project applications are to be sent to the regional working groups; at this stage all applications would be recorded in the register.

PROPOSED MEASURE (13) Technical assistance should be increased for 1998 and be directed towards the co-ordination of human resources in the 5(b) region and for **activities which promote the generation of viable projects**, (training for project planning, payment of project organisers and feasibility studies for areas which should be highlighted) as well as for the systematic collection and provision of empirical information obtained from projects.

Launch and results of the programme

The programme has been launched on the basis of each Operational Programme and region but in an uneven way, as a consequence of administrative and local factors. There were in general a large number of factors causing friction in the execution of the programme. Numerous national counterpart financing (budgetary) items and a multi-stage decision-making process associated with these, caused implementation difficulties within the regional framework. The programme is built on the methods and established practices of the existing aid system. As a result it is fairly “risk-free” and the forecast for the resulting projects which is finances will be good.

The 5(b) programme may bring more “added value”, from the point of view of the regions, than earlier development policy:

1. through an increase in the intensity of aid, through which the amount of development work grows,
2. through the improvement of quality, cost effectiveness, innovation or co-operation in development work,
3. through diversification of the development tools used,
4. by better allocation of targeting for development work, that is , through “hitting the target”.

There are still problems perceived in relation to all of the above points:

- the aid intensity is underestimated in comparison with the extent of development needs (the objectives) and its growth is reduced by a decrease in State funding for certain key sectors of the programme,

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- the conventional nature of schemes are too general - a great challenge to the success of the programme is whether the different implementing bodies are able to work together in a spirit of co-operation,
 - realisation of the Objective 5b Programme mainly takes place through the former aid scheme which as such limits the opportunities for new types of development and strategies outside its structures,
 - a complex model of execution does not support consistent allocation of funding which is based on the strategy.

There is no justification, on the basis of the results of this interim evaluation, for making the kind of assessment which would conclusively change the method of allocating funds according to the particular operational programme,. This is partly due to the fact that the monitoring system has not been able to produce reliable indicator data. None of the data produced indicates that the programme is in any way inappropriate. On the other hand, the observations in different sections of the evaluation show that there has to be consideration of some changes to the funding framework at programme level.

Despite the uneven launch of the programme, the Appraisers are of the opinion that it is more logical to keep to the objectives instead of funding being directed to where it would be used most quickly. This applies to the central objective of resolving the structural development problems of the 5(b) region in particular, to implementing the programme as it applies to new businesses and to the diversification of farms. There is a need for a high input, particularly into promoting the generation of viable projects, by a variety of means at regional level. This would achieve an increase in the quality, innovation and effectiveness of generating new viable projects and lead to the achievement of new types of projects.

The evaluation of the Operational Programme includes a need for adjustment, as recommended by the provincial associations, between Operational Programmes 1 and 4 (EAGGF measures) which apart from a few exceptions, require fine tuning. Joint meetings of the 5(b) regional secretariat and the sub-committees of the regional working groups have been held on a region by region basis to prepare the proposals for this. Clearer reasons are to be produced for the Monitoring Committee and Appraisers for a plan of transfer and a utilisation plan, according to individual measures. Against the background of the proposed changes there also appear to be problems connected with operating models for the funding arrangements: in other words, all the regions have not received appropriations in the early stage of the programme period, in accordance with the framework.

CONCLUSION: On the basis of assessments carried out on the launch of the 5(b) programme, the regions proposals for transfers between Operational Programmes 1 and 4 can be recommended. More coherent reasons are to be produced at the Monitoring Committee meeting for the changes proposed for each region.

Operational Programme 1

The aims of Operational Programme 1 (the promotion of business enterprise) are; diversification of the business structure, strengthening of SME business operations and

the utilisation of renewable sources of energy. Operational Programme 1 has a central position within the overall aims of the programme, that is, the achievement of creating new jobs and narrowing differences in GDP.

The implementation of Operational Programme 1 is strongly guided by the principle of using the old State aid business scheme (of the KTM), approved by a programme agreement, for part-financing projects. The old aid system was originally drawn up to implement the objectives of regional and industrial policies.

As programme based regional policy has now been put into effect for less than three years, it is still difficult to separate the extent to which national business aid policy and aid which is targetted at regional 5(b) policy programmes differ from each other. The needs of business aid begin with individual companies and project preparations, with decision-making taking place, for the most part, in the administration dealing with a particular sector at regional level. The main criteria involved are the terms of business aid law, the aid system and the region in question. The above measures are regarded as being poorly implemented in relation to the strategic focus of the regions' programmes; where the main areas are generally for the development of key sectors of the economy such as tourism and the preconditions for the creation of enterprise by co-ordinated measures.

Overall, the financing and start-up of Operational Programme 1 (at approx. 40 %) in relation to the cumulative, computational framework (42.3 %) has been good in respect of other Operational Programmes. At the level of the Measure, implementation of Measure 1.1 has taken place very slowly, particularly in terms of public funding: only about 16% of resources are in use. Implementation of Measure 1.2, has by contrast, been good: almost half of the public funding framework is in use, as is the case with Measure 1.3 where the corresponding figure is 66 %. Measure 1.4. has seen the weakest implementation, with only about 20 % of the funding framework in use.

The measures:

MEASURE 1.1: Even if the slow start of the programme is taken into account, positive economic progress is being made and there may be grounds for suspecting that the aims will not be implemented by the end of the programme period. Launching new businesses and the creation of new jobs which result from them has proved to be a difficult aim in the Objective 5(b) region.

MEASURE 1.2: Implementation of this measure has also largely taken place through the KTM's aid system. Funding has been very much directed to "ordinary" projects and the input into plans targetted by the regions, such as for tourism, has not yet come through into the schemes being implemented. It is understandable that projects are partly ordinary at the beginning of the programme period in order to ensure a rapid launch but there must be greater emphasis on *innovation* coming to the fore, as stressed in the programme's aims, than has been seen in projects during the last two years.

MEASURE 1.4: The poor implementation of this measure may possibly be partly because there are evidently not enough other implementing bodies (the provincial associations) involved in the funding framework than the KTM to carry out projects other than those of an exploratory nature. The framework, however, is so large that investigative project proposals alone will not fill it but it is too small for part financing

investment. The emphasis of the programme, on projects demonstrating new technology, may have an affect on the difficulties involved in implementing KTM-financed projects. The idea has been a good one and in harmony with the measure's funding framework at the early stage but because the programme is now half way through its course and no projects have come about, there would be good reason to examine the project selection criteria. The other factor which has influenced implementation of the measure, which is bound up with the conditions for carrying out schemes, is national policy; this includes energy and environmental policies which determine the relative price competitiveness of bioenergy.

In order to speed up implementation of the measure it is proposed to transfer part of the decision-making process to regional level where investment schemes for the utilisation of wood, peat and waste are concerned. Further consideration of decisions regarding exceptionally large projects and all those involving demonstration schemes would then be decided at Ministerial level. There are also further grounds for implementing the programme's objectives from aid levels where the interest rate is 5%, that is, the rate in EU projects. The base level, the average national aid level for energy schemes, was 25% in 1995.

Operational Programme 1. There were very large differences, from region to region, in the implementation of this part of the programme; in North Pohjanmaa almost 90% of the resources from the public financing framework was allocated by 30.6.1997, whereas in East Uusimaa the figure was only 10% for the same period. Implementation has also progressed well in South Karelia and North Savo. Clear progress during the last six months has occurred in North-Pohjanmaa, South Karelia, North Savo, South West Finland, in Central Finland and in Päijät-Häme. Implementation has stagnated in East Uusimaa, Uusimaa, Pirkanmaa, Kymenlaakso, South Pohjanmaa and in Häme. The implementation situation with regard to these is good in Häme and South Pohjanmaa.

The regions demonstrated their need to amend the use of EAGGF financing to the end of the whole latter half of the programme period. Transfers between Operational Programmes are justified because there can be large differences in the progress made between the various programmes. One option for carrying out larger scale changes would be a final determination at the Monitoring Committee during 1998, when it would be possible to make transfers between the larger funds and the regions. If the regions have a need for additional funding, indexation finance could be used to deal with this. The above-mentioned measures would also be a kind of bonus compensation for the active implementation of the programme.

As business aid schemes are clearly the most important target for financing the implementation of Operational Programme 1 (particularly Measures 1 and 2), the first stage of the evaluation is very much concentrated on them. The starting point for this has been the principles for different aid schemes as stated in the Programme Document and the application of these to the Objective 5(b) programme. In accordance with these principles, the EU (EAGGF) financing for the measures in Operational Programme 1 should be seen as supporting several earlier schemes and/or previously higher levels of aid and/or as support for wider measures and expenditure.

Aid levels in EU projects, on the basis of estimates, hardly seem to differ at all from the levels in 1994; only the aid levels for internationalising business operations have

risen noticeably and there is no data available which relates to energy aid. In this respect then, at least, the aims of the Objective 5(b) programme have not been implemented.

The average cost of jobs created with financial assistance in the EU schemes has been noticeably lower than that in projects implemented solely by national funding. The best ratio of comparison is in relation to investment aid and aid for small businesses. Studies carried out would appear to show that the emphasis in EU projects has been specifically on the employment impact.

The average size of EU project in the 5(b) region is roughly the same size as that for the whole country. The size of projects receiving small business aid, for example, may be seen as quite small and the aid ceiling set at FIM1 000 000 has not yet become a problem.

A questionnaire was carried out in August 1997 to assess aid for businesses and organisations which had obtained aid for EAGGF part-financing (see Annex 1) during 1995-96. The aim was to attempt to clarify, with the help of the questionnaire, what impact the aid received, among other factors, had made on the recipients and to look at what businesses had experienced in the application process. The comparative study used by the Central Chamber of Commerce in the spring of 1997 was, "EU funding and Finnish Businesses - do the aims and needs meet?".

Aid had been very well targetted among the group of businesses, at least among those who responded. It was also in accordance with the principles of the programme as the largest target group were small businesses which had recently started up or were in the early stages of their operations.

The aid granted has, on the whole, had positive economic benefits for the businesses involved: 24% regarded the effects as low but less than 2% were of the opinion that aid had not had any economic impact. There was more emphasis on the significance of skills and expertise (human resources) brought by the aid or project. As many as 53 % of respondents were of the opinion that the project implemented with the help of aid had an important or decisive effect on the skills and expertise in the business. This result also supports the general approach of industrial policy, whereby aid is increasingly directed towards projects which support and improve these areas of the business operating environment.

Aid has also had positive effects on employment; only 11% of those who responded to the survey thought there had not been any positive impact on jobs. Quantitative effects can not be stated because of the lack of clarity in the answers. Replies on the number of new jobs created support the suspicion of the reliability of the various statistic methods as these are solely based on the statements of the respondents themselves. The system definitely requires a common and reliable method of control.

The real significance of aid has been the opportunities for starting up projects, such as support for businesses to operate in international markets, product development and modernisation. Aid has been used to supplement funding, particularly in investment types of projects, which would have been made anyway. The best results of aid have been in accelerating the modernisation of production; its use for introducing new methods of operating has probably not yet been established. This is evident in the low number of projects involving joint projects between businesses.

The emphasis in evaluating Operational Programme 1 has, until now, been largely concerned with the compatibility of its the aims, strategy and execution. From now on the emphasis will shift more towards the results and impact of the evaluation: this will also come closer to the projects on a more practical level and and produce results from examples found to be successful.

The progress of Operational Programme 1 may be summarised as follows:

SUBJECT	DESCRIPTION	PROBLEMS	PROPOSED IMPROVEMENT
Measure 1.1.	Small number of projects	Funding and result targets lagging behind (new businesses)	Increase in funding for a more diverse service and tourism sectors, focussed according to region. More effective co-operation with Measure 1.3.
Measure 1.2.	Small size and "ordinary nature" of projects"	Added value to be reached (innovation) in relation to national projects (at the expense of national projects)	More emphasis on joint business projects and in project selection than at present.
Measure 1.3.	Size of projects per lkm -and small size of them	Difficult to create cooperation between projects in the Measure. Synergy between other projects weak. Continuity of development measures after projects have concluded.	Emphasis on selecting integrated projects and participation of business in selection and on the creation of permanent operating models.
Measure 1.4.	Small number of projects	Funding and result targets lagging behind (new businesses)	Examination of the project selection criteria, transfer of decision-making to regional level where more ordinary bioenergy investment schemes are concerned. Decision at Ministerial level for exceptionally large and all demonstration projects, after further consideration.
Op.Prog.1	Promoting implementation of programme	Significant differences in progress from region to region.	Payment of financing according to bonus compensation for implementation of programme in 1998 between funds and/or by transfer of indexation resources and/or between regions' frameworks

Operational Programme 2

Operational Programme 2 is concentrated on diversification of the primary production sector, forestry management, the promotion of timber utilisation and the development of rural area tourism and village tourism. These activities cover 87% of the Operational Programme financing of Measures 2.1 to 2.4. The Operational Programme supports the general objectives of the programme well. The conditions for

implementing it have changed significantly since the initial phase of the programme; the conditions for operating in agriculture, in particular, have changed fundamentally. The most active economic activity in Finland is increasingly concentrated in the areas around the large towns and jobs in rural areas are declining. Change in the environment in which the programme is implemented has the effect that although the Operational Programme fulfils the objectives set for it to a reasonable degree, its overall impact will not be sufficient to achieve the programme's objectives.

The objective of the Operational Programme is to slow down the decrease in the number of farms and to retain and create new jobs in businesses in rural areas. Slowing down the decrease in the number of farms is to some extent in conflict with the aims of agricultural policy. Diversification of the primary production sector (Measure 2.1), includes the aims of the Programme Document as well as improving the competitiveness of agriculture; the aim is to attempt to slow down the reduction in the number of farms. In several regions, projects connected with these agricultural improvements have not been implemented in accordance with the programme strategy.

The emphasis of the measure has been towards small businesses in rural areas and on an increase in the type of enterprises carried out on farms. These small rural businesses are very much aimed at local markets and are dependent on the purchasing power of them; the volume of trade therefore grows very little. The measures in the Operational Programme are not sufficiently focussed on targeting rural business outside the local markets.

From a cumulative calculation of the funding framework, 64 % of the Operational Programme finance was in use by 30.6.1997. This leaves approximately a third of its available funding unused. 26.9% of the Operational Programme's funding framework resources were used for the whole programme period. According to the programme, the operation of the measures was only properly in progress in the first half of 1997. Progress with the programme has essentially gathered pace in 1997. Differences between the regions in the implementation of the Operational Programme are, however, large. Over a third of the funding framework has been allocated in Kymenlaakso and in Uusimaa but in Central Finland and Päijät-Häme only 17% has been allocated. Implementation during 1997 has progressed most rapidly in Pohjanmaa, Häme, East-Uusimaa and Savo. In Päijät-Häme, on the other hand, the programme was stagnating in the first half of 1997.

Commitment of the rural population to the programme has remained low and this has, in part, led to it being poorly implemented. The input in planning the content of projects by the people in the rural region and the groups receiving aid has remained at a modest level. The Partnership-principle, particularly at the initial stages of the programme, was mainly involved with teaching co-operation between the different branches of the administration.

The recipients of aid and the population at large in the Objective 5(b) region have not received adequate information about the opportunities offered by the Operational Programme in the initial stages. The information at this time was conflicting and caused some confusion.

By 30.6.1997 there were a total of 922 projects in Operational Programme 2. These were implemented in 14 different regions, many of which cover only a few

municipalities. In the smallest of municipalities, funding was low and only here and there in different measures. This may bring about a situation in which only a few projects are implemented, sometimes only a single one. As the projects are small on average, with public funding of approx. FIM280 000 per project, it is not possible to speak of a programme as such, rather of individual projects which hopefully will have positive effects on the region's development. There has, in addition, been little mutual co-operation and contacts with other operational programmes. Similarly, there have been few projects which cross regional boundaries.

The business funding element of the programme has not progressed in the manner anticipated: according to the monitoring system, there were only 46 such projects by 30.6.1997. In actuality, the number of these is significantly larger but data for them has been transferred slowly to the monitoring system. The strongest concentration of projects supporting business enterprise in South Pohjanmaa and Savo. There were very few of these in the southern part of the 5(b) region. Business aid for small scale enterprises will need to be fully active, according to the programme in all regions, in order that the results set for the programme can be achieved. The success of the Operational Programme's development projects can also be measured by the number of small business schemes which are generated. Measured in this way, there are significant differences between the regions in the implementation of the programme.

The programme's strategic aim is to try to bring about new innovation and business enterprise in rural areas, through improvements in skills and expert knowledge and to develop current farming operations and to secure jobs in the present as well as for the future. Operational Programme 2 contains only one measure connected with developing training. The thinking behind the programme has been that training associated with the development of farms and diversification of the primary production sector is included in measure 3.3, the promotion of SME enterprise through increasing skills. It does not, however, appear to have happened on a very wide scale. As a result, projects containing a training element have been financed by measure 2.1.

There is a need to create regional development strategies in order to raise skill levels; these would mark out how to achieve this, which different authority and branch of the administration would have the responsibility for each area of the region. At present this is fragmented and the measures implemented in a region do not support each other in the best possible way.

The quantitative aims of the Objective 5b Programme are to slow down the reduction in the number of farms and to create new types of business operations on these farms. The responsibility for these aims lies mainly within Operational Programme 2 which has its own specific targets for this purpose. The Programme Document has set the starting figure at 62 000 farms for the 5(b) region. The target figure has been set at 48 000 operating farms, with 4 000 of these to change the production sector in which they operate, with the help of Objective 5b measures, particularly towards ecologically-based methods of cultivation. This involves 3 000 family farms beginning to practice new types of enterprise but the aim for the number of farms is proving to be over-estimated. There is a certain amount of similarity between these two types of change. A significant proportion of those farms which have changed their line of production have moved into organic production but the 5(b) measures have had little impact on this development. The number of farms engaged in other forms of enterprise is growing and it is still possible to achieve the target. This requires active use of

business financing.

The programme measures

Measure 2.1 is wide-ranging and has financed those projects in the regions which have not been suited to any of the other measures. It has played a significant role in financing various training schemes, part of which have not been a part of the measure. It may possibly be implemented as planned because the bulk of the Operational Programme's growing business funding will be allocated to this measure.

Measures 2.2 and 2.3 involve the development of forestry and timber processing. Projects aimed at forestry improvement measures are only moderately suited to the programme's strategy. If the energy schemes and energy investment projects are supported more vigorously than at present, as is hoped, the funding framework of Measure 2.2 will be attained and further financing will be required. The framework for Measure 2.3 on the other hand, will not be completed because of tight restrictions on the measure. There is a need for co-operation with measure 2.2 to increase its effectiveness.

It is possible to give a significant boost to Measure 2.4, (the development of rural and village tourism), from its current position. By making it a more wide-ranging measure encompassing the development of villages, it can also promote other types of enterprise in villages than tourism. Tourism development is now seen as a strong sector in almost every region, even though there are significant differences in the nature of the requirements. The programme's objectives may be fulfilled through more precise and active development measures.

Measures 2.5 and 2.6 have made poor progress. Measure 2.5 contains new, open approaches in its rural policy tools. It is based somewhere between traditional research work and new, innovative product development measures and the possibilities which it offers are not known.

Measure 2.6 on the other hand, is the only measure in Operational Programme 2 financed by the ESF and delays in it were due to a lack of legislation.

The progress of Operational Programme 2 may be summarised as follows:

SUBJECT	DESCRIPTION	PROBLEMS	PROPOSED IMPROVEMENT
Measure 2.1.	Projects often wide-ranging, but still small	Funding, especially business financing, has progressed poorly Inadequate strategic allocation	Operations to be transferred to the regions Increase in business funding More emphasis on key sectors in the region, including development of agriculture and targetting of business outside local markets
Measure 2.2.	Predominantly forestry improvement projects	Few innovative projects Few energy projects Occasional co-operation with Measure 2.3 on	Implementation in conjunction with of Measure 2.3, according to tasks of regional forestry and energy strategy

Measure 2.3.	Narrow focus of measure	Poor progress in financing Projects not sufficiently tangible	Co-operation with measure 2.2 Emphasis on business aid and the promotion of business co-operation
Measure 2.4.	Large number of projects, focussed on tourism	Few investment schemes Tourism projects support events; poor development of enterprise	More attention to project planning and project selection Village schemes to be activated
Measure 2.5	Few projects	Strict limits Low project potential in the measure's projects	Co-operation with Measures 2.1 and 2.3 Increase in co-operation across regional boundaries
Measure 2.6.	Few projects	Necessary legislation delayed Minimum period for training	Formulation of a plan to improve the implementation of skill levels Requirements for duration of training to be relaxed
Op.Prog 2	Slow progress	Slow start-up Poor commitment from aid recipients Activities scattered and fragmented in small schemes for small regions	More precise allocation according to the chosen strategy Activation of the recipients' groups, an increase in publicity and technical assistance Increase in business financing Increase in projects for co-operation between regions

CONCLUSIONS:

- The conditions for implementation of the Operational Programme have changed significantly from that which was assumed.
- The Operational Programme got off to poor start. There was a lack of publicity, particularly in the initial stages; the opportunities of the programme were not sufficiently well recognised. There will have to be a further increase in the development opportunities on offer.
- In many regions, implementation of Operational Programme is directed more by the projects themselves directing regional strategy and project applications than by a targeted regional development strategy. All in all, realisation has been too passive. The formulation of more precise regional development programmes are required to improve the competitiveness of agriculture and forestry, to raise skill levels and for the development of the areas to focus on, selected by the regions. These improvements are to be implemented by measures in the 5(b) programme and through other EU and national programmes.
- The role of business financing has been a minor one. It will have to be directed at selected areas, according to the regional strategy.

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- The role of the rural population and recipients of aid has been poor, both in planning the programme and in their involvement in carrying it out. Their role will have to be strengthened while the programme is carried out.
 - The Operational Programme has comprised a lot of projects containing training. In order to improve the competitiveness of agriculture and diversification of the primary production sector, training schemes should be financed by Operational Programme 3. There is a great deal of potential for projects as may be concluded that the numbers who have taken part in training in Measure 2.1.
 - The size and duration of projects has to grow; there is a need to create co-operation between projects across regional boundaries. The content of the Operational Programme must be increased between projects at regional level in the direction decision-making authority between the measures. Measures 2.2 and 2.3 are to be implemented in close co-operation, in accordance with the regional strategy.

Operational Programme 3

The current situation of the first two measures in Operational Programme 3 is characterised by its poor implementation. The third part, however, has seen much larger numbers of projects developing.

The one difficulty of Measure 3.1 has been obtaining enough people to take part in training schemes but the number of competent applicants has, however, been very large. This measure is mainly concentrated on training organisations and their development needs. The activity of the educational establishments themselves has a decisive impact on the extent to which aid is sought.

One of the problems here is caused by regional division of the programme. The position of the universities in relation to developing skills in the 5(b) region is clearly important; the regional universities are in general part of the process of generating project development. The university towns are also, however, typically situated outside the eligible area, although they are in the centre of the region, e.g. the University of Vaasa and the Vaasa coastal area.

The significance of regional division is undefined in this respect. Should the activities of the universities be decentralised to the 5(b) regions in order to obtain aid, or keep other training centres scattered among the small rural regions, in order that their location fits the criteria for aid policy in other respects. Hardly. A more likely recommendation for the measure may lie in the fact that national financing is directed to support more innovative activities in the central towns of the current 5(b) regions. Another option is to reconstruct the whole aid system in such a way that the centres of innovation are a part of the support in the surrounding regional structural change and the development of new enterprise. The difficulties of setting up “regional policy” co-operation between training organisations and rural businesses may be restricted, at least in bringing certain projects forward.

Measure 3.2 has been relatively restricted in its coherent objectives but at the same time the allocation of financing has some difficulties. What is meant by the priority of transferring research data and technology to projects? The project development group generating the potentially viable projects is not completely clear about this. Uncertainty

over project financing may also be a cause of the utilisation of technology or research data not being committed to any other specific programme area, when the projects placed in this group of measures are discovered to be spread around in separate policies and measures. The low number of projects may also possibly be explained by the fact that there are apparently only a few projects aimed at increasing the use of research data in the first place. It will often be the case that this objective will be a by-product of other objectives.

The aim set out for Measure 3.3 is clear but remains fairly broad-based and substantive. The objective is linked to increasing skills in general, as well as to the development of small-scale enterprises which are typical of the region. The Measure functions as a kind of engine for the Operational Programme and at the same time as a “covered area”. The result is that the projects financed by this measure are ‘incommensurable’. On the other hand, the definition of SME operations closes off aid to external public and other non-business types of groups which are regarded as being within the definition and scope of Measure 3.3. A widening of the definition should be considered for this when the development of new types of non-commercial service providers come within the scope of the aid system in future.

Some of those drafting projects refer in interviews to being of the opinion that the rural areas at any rate do not have a need for a great deal of new training needs which are not already met through the present-day education system. This could be a partial explanation for the low number of projects. It could be assumed that this view is more prevalent, particularly in the view of the education authorities. Finland is indeed producing an especially good all-round educated population which is a model example in Europe. The starting point for training in the programme are the evident facts that at the intermediate and higher levels there are certain needs within the Objective 5(b) region. It is also clear that the official training network needs a system of training alongside it which encompasses a multiplicity of updating training skills because the rate of structural change which is in progress, as well as regional differences, require training which is complementary, dynamic and has the ability to transform rapidly. It is precisely in the competitive ability and regeneration of rural enterprise that there is a requirement for experimental project work and ESF financing is very well suited to that task.

As almost none of the regions and sub-regional units have started up a single skill development project, the situation indicates that there is the natural potential for a rapid increase in projects.

Although the implementation conditions have to some extent changed, and are changing in the 5b- region, we can see that the effect of them in achieving the development aims for skill levels has been low, at least until now. The characteristics of both promoting the achievement of the aims, such as economic growth and reducing unemployment and the damaging features of success (e.g net migration) are seen in the environment. A clear justification for raising skill levels lies in the fact that there is still a plentiful supply of labour which needs skilled training, or whose expert knowledge has become outdated, or is lacking. This is reflected in the lower than average opportunities to adapt to changes in the business structure as well as in the lack of flexibility in skilled labour.

The level of training is probably crucially important in terms of achieving a job after the

second grade of high school and it is natural in this respect that the 5(b) programme's aims are made more specific in this respect and change in the direction of increasing training in specific target areas. On the other hand, the indicators do not in themselves either restrict the content of training or cancel out the option of other shorter types of training courses or adult training, through which it is aimed to create a new state of readiness in training. When the training schemes which have been started up are "summed up", we notice that they are not, in all respects, directing training to those specific sectors which promote change in the structure of business and to the introduction of new methods of production on farms. There is not an abundance of the type of training which is geared towards certificated further education. There has however, been a great deal of wide-ranging and diverse adult training and training based at the workplace.

The aims for training within the Operational Programme could further advance the approach of raising training levels by directing training and training and development projects only towards new sectors which are directly aimed at modernisation of the structure of production. Development projects which are associated with improving the competitiveness of traditional agriculture and primary production could be directed to other sectors. If training schemes were to be classified in this way with regard to seeking aid, this would make it possible to have general profiles for the approaches of the 5(b) programme, which in turn would promote advice connected with aid and give more precise information and publicity.

The growth in the number of training schemes has not progressed at the desired rate for the whole Operational Programme. Examining the financing parameters in a downwards trend is not desirable in itself in this connection. The regions would have to quickly increase the input of projects, in order to bring about an increase in the number and size of schemes. At the same time, there is a need to reduce the "bureaucracy" involved in creating projects and for clarification of the division of work. There should be more precise targetting to those bodies which have the potential to start up projects. Matters may be also advanced by consultants, project general managers, prototype projects, joint regional projects, subject-based projects and increased financing of technical assistance to bring projects forward.

The essential development requirements for Operational Programme 3 are summarised below:

SUBJECT	DESCRIPTION	PROBLEM	RECOMMENDED MEASURE
Measures 1 and 2	Low number of projects	Financing frameworks will not be adequately utilised	Increase in publicity and more precise targeting. Emphasis on opportunities for innovation in regional centres by reforming financial channelling.
Whole of Operational Programme	Limits between measures are unclear	Investment in projects partly difficult and artificial.	Raise profile of whole of Operational Programme

Objectives and strategies	Objectives do not provide content and direction	Lack of new openings and ordinary nature of projects	Examination of content of objectives in the regions as well as "tailoring"
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CONCLUSIONS:

The key development requirements of Operational Programme 3 are as follows:

- The boundaries between the measures are unclear where investment is difficult and in part artificial. The Operational Programmes could be implemented as a whole.
- The programme's objectives do not provide clear direction and there are few new openings in its implementation. The aims in the regions' programmes or in the implementation of programmes should be examined.
- There are a low number of projects in Measures 1 and 2. More precise targetting and an increase in publicity is required. Emphasis on national funding in conjunction with the regional centres.

Operational Programme 4

The aims and areas of action in Operational Programme 4 may be divided into five distinct groups:

- maintenance and construction of transport and infrastructure services e.g. roads, railways, water systems (Measure 4.1)
- water and waste management (Measure 4.3)
- the environment (Measure 4.4-5)
- utilisation of telecommunications opportunities (Measure 4.2)
- improvement of service facilities (Measure 4.6)

The first three of the above involve construction and maintenance, that is, the emphasis is on the physical infrastructure. Taken together, they make up more than 70% of the general content of Operational Programme 4. Two of the groups of measures represent a more precise delivery of service; the others are mainly concerned with the future ability to raise the capacity of the electrified communications network.

Divided on this basis, the first three groups of measures are not particularly significant in relation to innovation in rural development or for the 'from the bottom-up' principle. On the other hand, the expectations of the tangible results of them is important. The other two measures contain the greatest degree of innovation in modernisation, although the resources allocated to them are quite small. In terms of rural policy, all these measures have their own role in safeguarding and supporting the living conditions of the rural population, particularly with regard to their combined action,

Several individual projects decisions have been made which are contrary to the aims

and spirit of the Programme Document. The largest group of these involve planning projects. The objective however, is clear: in most cases they support solutions which include the use of the environment.

There were 266 projects launched in Operational Programme 4 with a total cost of approximately FIM207 million, representing 44 % of the total financial framework.

Those putting projects into practice are for the most part the municipal authorities, as is clear from the content of the Operational Programme. Businesses carrying out projects account for only a small proportion of the number recorded. Responsibility for the focus of the Operational Programme lies very much with the Ministry of the Environment and in the regions. Participation of the the Ministry for Health and Social Affairs is low, although parts of the service facilities and the welfare objectives come within their area of responsibility. The small number of projects which the provincial associations are responsible for does not compensate for their lack of projects.

The generation of the development of projects within the Operational Programme has taken place in three different ways:

- ordinary project proposals from individual initiators (Measures 4.2, 4.6 and 4.5)
- joint projects by the authorities and the regions' which have been at the planning stage some time (Measures 4.3, 4.4 and part of 4.5)
- road projects which have been ready for implementation (Measure 4.1)

As a result of methods involved in the preparatory and implementing of projects, the generation of viable projects has taken officials a long time.

The overall funding outcome of Operational Programme is good (at approx. 45 %) in relation to the calculated cumulative financing framework and to other Operational Programmes. This situation has the effect that there is greater emphasis above all on the measures which focus on improvements to the infrastructure. Implementation of the EU financing framework is clearly behind national financing decisions in every measure (e.g. this is approximately 30% behind in Measure 4.4).

The financial implementation and launch of Measure 4.1 in particular, has come about very well in relation to public financing; almost half of the resources in the framework are in use. Measures 4.2 and 4.3 have also progressed well in this respect, with around 43% of public resources in use. The best results have been achieved for Measure 4.4, where around 62 % of public financing has been allocated. By contrast, implementation of the financial framework and the launch of Measures 4.5 and 4.6 has been slow: only 20 % of the framework from public resources is in use.

There are very large differences between the regions in the implementation of Operational Programme 4. Six regions are very much lagging behind in the pace of putting the programme into effect and four regions have, by contrast, already largely concluded the framework for the bulk of their projects.

The employment impact from those projects which are being carried out are for an anticipated number of jobs exceeding 1 600, according to the plans; around 900 new jobs are expected. The expectation has therefore already doubled from that which was planned for the Operational Programme. An evaluation in respect of other aims can not

be made as yet, due to a lack of data.

Subject Measure:	Description	Problems	Proposed Improvement
4.1	The cost of transport projects are high	Impact is small; a large number of these would be implemented in any case	Attention paid to the network of minor roads
4.2	Projects distributed very well	Pressure on the administrative network	Increase in services and teleworking for rural inhabitants
4.3	Emphasis on planning	Planning activities are not recognised in the Programme Document	Increase in activity for environmental restoration work proper
4.4	Water and waste management projects		
4.5	Building renovation objective is unclear	Role of business activity has become obscured	Links of projects with business activity required before work is started Coordination with Measure 4.3
4.6	Development aims for services clearly set out	Projects seeking new operating models have not been set up	Coordination with Measure 3.3 Work focussing on experimental areas
Operational Programme 4	Progress has been slowed down; in some regions however, there are clearly difficulties in implementing projects	Operational Programme is does not constitute a clear whole Bulk of measures are investment led Difficulties experienced in securing services and modernisation	Coordination with other measures Approval of projects which are experimental and risky and which favour co-operation

CONCLUSION: As a summary of Operational Programme 4 it can be stated that:

- it supports the general objectives of rural policy reasonably well,
- it only partially supports the search for new solutions to rural development,
- it does not provide adequate opportunities for activities which actually come from the “bottom up”, or the opportunities are not sufficiently well utilised,
- it contains a need for coordination and arrangements which also includes co-operation with other measures in the Operational Programme.
- it contains good examples for the chosen strategy and of precise directing of activities in the regions.

Impact of the programme - quantitative aims

The quantitative aims for the implementation of the programme may be stated as follows:

Objective	1. To reduce the difference in the level of income and development level between the Objective 5b areas and the rest of the country	2. To create new jobs for rural enterprises	3. To reduce unemployment	4. To slow down the reduction in the number of the farms
Indicator	* difference in the income between the Obj. 5b areas and other areas in terms of GNP (%)	* nr of new jobs * nr of new enterprises	* level of unemployment * difference in the level of unemployment compared to that of the whole country	* nr of active farms
Basic figure	* 22 % (in 1992)	* 352.000 (in 1993) * 32.323 (in 1992)	* 18.6 % (in 1994) * 20.0 % whole Finland	* 60.000
Target figure	* 17 %	* 22.000 new or maintained jobs * net increase of 6.000 in the nr of new enterprises, including new activities on 3.000 farms	* 13.6 % * to maintain the rate of unemployment below the average of the whole Finland	* 48.000 farms left, of which 4.000 will reorient the production and 3.000 will engage in new activities
Present situation	* 23.3 % (in 1995)	* 351.321 jobs (in 1995) * 47.552 enterprises (31.3.1996)	* 17.3 % (in 1996) * 18.6 % whole country	* 49.553 (in 1996)

- During 1995, the difference in **GNP per person** in Objective 5b areas increased in respect to the national average despite the rapid increase in the GNP in the industrialized Objective 5b regions and the reduce in the number of the Objective 5b population. The measures financed by the 5b programme had not yet had the effect of those equivalent national measures which were implemented. In order to meet the defined target a lot of effort needs to be put during the coming programming years.
- **The total number of businesses** has grown but the impact from the role played by business financing in the Objective 5(b) programme can not yet be confirmed. The changes in the statistical basis applied in 1994 creates also problems in assessing the net impacts.
- **The number of jobs** was still in the end of 1995 below the basic figure. It is not possible to follow the number of the created jobs from the statistics.

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- The decrease in the **rate of unemployment** has not reached the target figure for 1995-1996, as the decrease was 0.8 % in 1995 and 0.6 % in 1996. In the beginning of 1997 the expected decrease was reached. The level of unemployment has remained below the average level for the country by the aims of the programme.
 - **The number of farms** has fallen but because of changes in the statistical basis, the actual change and rate of change can not be reliably evaluated. According to the statistics for 1996 the number of the farms is already reaching the defined minimum. Should the present speed in the reduction of the farms remain there would only be 32 000 farms in the end of the period.
 - **Training levels** were measured by a new indicator: the number of adult training hours provided addressed to the population over 19 years. The figure was 2.52 hours in 1995, whilst it was 2.32 hours in 1994.

The development problems of the programme area clearly indicated a net **balance of migration**; this has been a **negative** rate for the last three years and the direction of migration has been accelerating. Compared to the number of the population the negative migration rate increased during the period of 1994-1996 from -0.47 % to -0.54 %.

CONCLUSION: Achievement of the programme's objectives is not realistic solely through its own measures but they can be attained if other policy and/or changes in the operating environment support the framework of change.