

Urban and metropolitan policy

The audit examined the implementation, coordination and steering of urban and metropolitan policy and the achievement of related objectives. Urban policy falls within the sphere of national regional policy, which is subject to the provisions in the Regional Development Act. Metropolitan policy, i.e. policy regarding the Helsinki metropolitan area, was examined as part of regional development as a whole. The main question in the audit was how effective urban and metropolitan policy has been as part of regional development.

On the basis of the audit the implementation of urban and metropolitan policy has been in line with objectives, but measures have had side effects that are contrary to regional development objectives. These side effects could sharpen differences in the development of regions and urban areas and weaken citizens' well-being.

According to calculations made during the audit, the amount of money spent on urban and metropolitan policy has ranged from 80-200 million euros a year, with national funds accounting for nearly 90 per cent of the total and the EU contributing slightly over 10 per cent. About one-fourth of national funds are funnelled through EU programmes. Precise information regarding aid supplied by local authorities is not available. Nor are funds intended for urban policy measures adequately differentiated in the state budget. Furthermore calculations are hampered by uncertainty concerning projects' urban dimension, variations in authorisations to grant EU structural funds and differences between monitoring systems. The above figures do not include infrastructure projects.

The provision of aid through multiple channels, the fragmentation and motley nature of urban policy measures and delays in the production of regional economic statistics make it difficult to evaluate the effectiveness of measures. The audit found that granting aid from different sources has not directed aid in a systematic way for urban or metropolitan policy or to strategically important projects and that projects have not taken advantage of synergies. The Na-

tional Audit Office considers that preconditions for evaluating the effectiveness of urban policy measures would improve if both the aid system and the monitoring of aid were simplified and clarified.

The Ministry of Employment and the Environment is responsible for coordinating national urban policy. The Government issues a resolution on urban policy for this purposes. The Cooperation Group for Urban Policy is in charge of promoting the implementation of the urban policy measures in the Government Programme and the Government decision on regional development objectives, developing cooperation between central government and urban areas, monitoring the development of urban areas and conducting related futures studies, and stimulating urban research. The ministerial working group on public administration and regional development coordinates metropolitan policy and sets priorities. Each ministry is responsible for preparing and implementing metropolitan policy measures in its own sector on this basis. The Ministry of the Environment coordinates the preparation of metropolitan policy.

The audit found that government measure have supported urban and metropolitan policy objectives. National urban policy has been implemented primarily through programme-based regional development work. The main urban policy tools have been the Centre of Expertise Programme, the Regional Centre Programme and the Regional Cohesion and Competitiveness Programme (COCO). Metropolitan policy has been implemented jointly by central and local government with the help of spearhead projects, which have been promoted with letters of intent between central government and the Helsinki metropolitan region. Metropolitan policy has also been supported by the Metropolitan Region Urban Research and Cooperation Programme.

The Centre of Expertise Programme has strived to strengthen competitiveness. It has also promoted the implementation of large urban areas' innovation strategies in line with urban policy. The programme's role has changed during the 2007–2013 programming period. It has increasingly shifted from regional developer to its new function as the main instrument of regional innovation policy. In the opinion of the National Audit Office, the programme's role in regional development needs to be clarified.

The merger of the Regional Development Programme with the Cohesion and Competitiveness Programme could lead to conflicts

regarding objectives between urban policy and cohesion measures. The role of the COCO programme could remain problematic, considering that it has the dual aim of developing regional innovation and expertise on the one hand and regional cohesion on the other. On the basis of the audit, the COCO programme has not adequately fulfilled its task of supplementing the Centre of Expertise Programme and producing genuine value added. Confusion regarding the aid system also hinders the profiling of the COCO programme.

Inputs and outputs linked to the urban policy measures in the COCO programme are hard to verify. This is mainly because of a decision made by the ministerial working group on public administration and regional development, according to which appropriations have not been earmarked for the programme. The desired urban policy impacts may also be impeded by the fact that regional councils play a significant role in allocating regional development funds, and consequently the adequate allocation of funds to urban policy measures may be uncertain. The COCO programme has strived most clearly to promote cooperation aimed at strengthening regional cohesion. The audit suggested that the promotion of urban policy measures in the programme needs to be revamped.

Metropolitan policy measures have focused on issues related to land use, housing and transport, business policy and internationalisation, multiculturalism, immigration and bilingualism, and social cohesion, according to objectives. Letters of intent have also been signed to promote partnerships.

The Minister of Transport has not been included in the ministerial working group on public administration and regional development, which coordinates metropolitan policy. According to the audit this has hampered the implementation of spearhead projects and measures included in letters of intent. In implementing metropolitan policy, problems have also arisen with regard to coordinating measures aimed at promoting social cohesion. Another challenge has been to get cooperation working so that all actors are committed to objectives.

On the basis of the audit, letters of intent have supported metropolitan policy objectives, and the procedure could also be utilised in urban policy. The procedure should be clarified, however, and agreements should be made more binding on different actors.

Good practices that were observed in the audit included the Urban Policy Committee and its subcommittees. The subcommittee for large urban regions has promoted cooperation between central government and urban regions, while the subcommittee for urban research has strengthened the urban policy information base and encouraged networking and the exchange of information. The audit indicated that the broad composition of the Urban Policy Committee and the activities of its different subcommittees have also been important in monitoring and developing urban policy measures.

In the opinion of the National Audit Office, in the sphere of regional development inadequate attention has been given to strengthening competitiveness. Urban policy measures promoting competitiveness, such as measures increasing well-being, should be more visible.

One problem in the metropolitan area is the high cost of housing in inner city areas and the lack of reasonably priced apartments, which have resulted in urban sprawl. This in turn causes more traffic and increases energy consumption as well as the costs of building and maintaining infrastructure. Multiculturalism has meanwhile posed threats related to social cohesion and different areas' segregation. In the opinion of the National Audit Office, addressing social problems and taking steps to remedy problems should be a key focus in urban policy.

The National Audit Office considers that regional development measures should be differentiated according to regions' needs. This includes the setting of objectives. In the background are changes in the community structure and global competition that affect every region. Differentiating measures requires the reform of regional development legislation as well as changes in national regional policy and EU cohesion policy measures and aid systems. The focusing of urban policy measures requires tailoring. The need for differentiated measures requires their immediate application.

In addition to favourable business trends, the effectiveness of urban policy measures depends on opportunities linked to urban areas' demographic factors. Urban areas' competitiveness also depends on demographic factors. In Finland the population, gross domestic product and education are concentrated in the Helsinki metropolitan area and a few other large urban areas.

The audit indicated that population development in the Helsinki metropolitan area and other large urban areas has been influenced by changes in the municipal structure, migration and the relation between nativity and mortality. In order to stop the unfavourable development of the age structure in some urban areas, these need to strengthen factors that increase their appeal to young people of working age. Competition to increase urban areas' attraction and success is hard, however.

Urban policy measures played an important role in recovering from the slump of the early 1990s. Well-designed urban policy can be highly significant in stimulating the economy in the wake of the recent economic crisis. In Finland success can still be built on increasing expertise, cooperation, strong urban areas and the welfare society. Partnership between central government and urban areas is also required to stop problematic development. More attention should be paid to promoting youth employment and preventing social exclusion in all the nation's urban areas.