

## Regional environment centres as implementers of the Objective 2 programme

Six regional environment centres operating under the Ministry of the Environment participated as financing authorities of projects in implementing the European Regional Development Fund's Objective 2 programmes for Southern Finland and Western Finland during the programming period 2000- 2006. The regional environment centres granted eligible projects structural funds and corresponding national funds. Up to September 2008 the regional environment centres had supported projects in the Objective 2 programme with 43.6 million euros in EU funds and 34.1 million euros in national funds.

The National Audit Office has designated the audit of EU funds as a permanent audit area. In the National Audit Office's strategy for 2007- 2012, one theme area receiving special emphasis in reporting is "an efficient and effective European Union, taking advantage of the possibilities it offers at the national level". One particular theme is the effects of regional development programmes. The audit of the regional environment centres' Objective 2 programme work thus complies with the National Audit Office 's strategic lines and priorities.

The purpose of the audit was to examine the regional environment centres' role and activities in implementing the Objective 2 programme. The audit was conducted by focusing on the implementation of strategies and plans connected with programme work as well as the operational performance.

The regional environment centres strive in their project funding to implement two regional development policy lines at the same time: 1) the regional planning system's regional development policy line and 2) the environmental administration's environmental policy line. The audit evaluated the implementation of the environment centres' regional development policy line by comparing the types of projects supported in the programme and their number with the ob-

jectives and focuses of different-level strategies and plans produced by the regional planning system over time. The comparison showed that as a whole the regional environment centres have done a good job implementing the regional development policy line in their Objective 2 programme work. The implementation of the environmental policy line was evaluated by comparing the types of projects supported in the programme and their number with environmental policy programmes and plans as well as the objectives and focuses in the planning documents that steer the environment centre's activities. As a whole the environment centres have also done a good job implementing the environmental policy line.

Financial aid has gone mainly to local authorities and municipal enterprises. The National Audit Office considers that during the new programming period, in project activities the aim should be more active project conception with businesses and civic organisations as well. Project funding should also be directed to more innovative environmental projection development measures.

On the basis of the audit, financing for the environment centres' own projects was justified and funds were not withheld from worthy projects on account of them. However, the National Audit Office considers that rules should be drawn up concerning support for the environment centres' own projects, for example the maximum amount of funds.

The environment centres' operational and financial plans have not provided much steering with regard to the Objective 2 programme. In the opinion of the National Audit Office, the steering influence of their financial aid activities should be developed. Regional environmental programmes should also be developed so that they more clearly describe different objectives' focuses and priorities as a basis for making decisions on project funding.

In evaluating the feasibility of projects the regional environment centres have used different types of summing and weighting methods. The National Audit Office considers that in future the Ministry of the Environment should evaluate the functioning of these methods and take steps to harmonize the evaluation procedure.

The operational performance was evaluated in the audit according to the following criteria: the quantity and quality of projects' outcomes, the achievement of projects' objectives, the sustainability

of results, the benefit-cost and cost-effectiveness ratios, and the quantity and quality of unwanted impacts.

The outcomes specified in the projects that were supported by the regional environment centres were achieved according to plans for the most part. In addition to physical infrastructure projects, aid was used to develop different kinds of cooperation models. Most of the projects' outcomes and cooperation models are economically and socially sustainable. The audit did not observe any supported projects that could be said to be on a completely unsustainable basis.

About one-third of new job and business objectives have been achieved. Different construction and infrastructure projects have created jobs during projects. Many projects have also indirectly improved physical infrastructure for business opportunities. One problem built into the aid system is that monitoring the permanence of job and business information or impacts in general is not part of project management procedures.

Projects with equality objectives have received little support from the regional environment centres. The National Audit Office considers that supporting such projects is important from the viewpoint of both structural funds and domestic legislation.

On the basis of the audit it appears that the regional environment centres have placed the main emphasis on evaluating project outcomes while evaluating the achievement of objectives has received less attention. The National Audit Office considers it important that in future more attention is paid to the achievement of projects' environmental objectives and that the achievement of these objectives is documented centrally.

The regional environment centres have particularly financed different environmental and infrastructure projects in the Objective 2 programme. In Finland no state-economic or socio-economic cost-benefit calculations have been made concerning such projects. Evaluating projects in monetary terms is difficult because all the impacts of projects are not visible in the market. In the field of economics, however, different methods have been developed to take into consideration impacts that fall outside the price mechanism. In the opinion of the National Audit Office, the Ministry of the Environment should support and start economic research activities on the basis of which it would be possible to evaluate the state-

economic and socio-economic costs and benefits of different environmental projects better as a basis for decision-making.

The projects that have been financed by the regional environment centres have had objectives that are quite beneficial for the environment. On the basis of the audit it appears that the supported projects will not cause significant unwanted environmental impacts. The water supply and sewage projects that receive aid can, however, cause the fragmentation of the community structure. The National Audit Office considers it important that this matter be given attention in future financing decisions on projects.