

Conclusions and recommendations of the National Audit Office

Preparation of the Finnish Bioeconomy Strategy

There has been a great deal of focus on bioeconomy in Finland in recent years: in the programme of Prime Minister Juha Sipilä's Government, a total of EUR 323 million was allocated to the priority area *Bioeconomy and clean solutions* between 2016 and 2018. The key projects in the priority area are partially based on the strategy *Sustainable growth from bioeconomy – the Finnish Bioeconomy Strategy*, which was approved by the Government in May 2014.

The aim of the audit was to determine whether the Finnish Bioeconomy Strategy was prepared in accordance with the principle of publicity and the principles of good governance so that the drafting process would create a basis for achieving the goals set out in the strategy during the implementation stage.

According to the auditors' view, the preparatory process provided, as a whole, a good basis for achieving the objectives laid out for the strategy.

The drafting process was properly organised

One of the key aims in the drafting of a political strategy such as the Bioeconomy Strategy is that it should be based on a broad political consensus. This facilitates the implementation of the strategy during more than one government term. Broad-based participation of ministries and stakeholders in the preparatory process makes it easier to reach political consensus. A drafting process involving a wide range of participants also makes the implementation easier because agreement can be reached between parties with differing views and conflicting interests already in the preparatory stage.

The Finnish Bioeconomy Strategy was prepared in a broad-based project set up by the Ministry of Economic Affairs and Employment. The drafting process also involved the following parties: Prime Minister's Office, Ministry of Agriculture and Forestry, Ministry of the Environment, Ministry of Education and Culture, Ministry of Social Affairs and Health, Ministry of Finance, the administrative branches of these ministries, as well as VTT and Sitra. According to the audit results, all ministries with a stake in the strategy took part in the preparatory process.

A large number of stakeholders were invited to join the process: stakeholders in the bioeconomy sector were consulted in five workshops, three regional bioeconomy forums and eight sectoral hearings. Stakeholders and citizens were also invited to express their views on the Otakantaa.fi and Biotalous.fi websites.

Cross-administrative drafting of the Finnish Bioeconomy Strategy and extensive involvement of the stakeholders is in accordance with the principle of publicity and the principles of good governance. Such an approach is particularly important when comprehensive strategies and programmes are prepared.

According to the audit findings, the drafting process was properly managed.

The documents produced during the drafting project were not properly archived

Proper archiving of the key documents makes central government activities more transparent and allows ex-post assessment of the strategies and programmes to be carried out. In addition to project administration documents, such material as the minutes and memoranda of the meetings of the preparatory organisation can also be considered key documents.

It was noted in the audit that there were inadequacies in the archiving of the documents produced during the drafting project and in the access to the archives: the memoranda produced on the meetings of the management and working group were not found in the archive during the audit.

The starting point was extensively analysed but there was little discussion about the future

The starting point of the bioeconomy operating environment was extensively and systematically analysed in the preparation of the strategy. At the same time, there was less discussion about the future and it was not on a systematic basis. For example, no foresight methods were used. However, the analysis of the current situation also dealt with the future, which partially compensated for the inadequacies in the foresight analysis.

The Finnish Bioeconomy Strategy was drafted at a time when the sector was new and bioeconomy was relatively unknown as a concept. Fairly little research or other information on bioeconomy was available, and as a result, the drafting process relied on a limited information base. According to the memoranda produced on their meetings, management and working group members were, however, aware that an extensive information base would be needed for the drafting process.

The vision of bioeconomy is set out in the strategy document

The Finnish Bioeconomy Strategy presents the Government's vision of the role of bioeconomy in Finland. The vision contains both quantitative and time-related goals. According to the vision, sustainable bioeconomy solutions should be the foundation of wellbeing and competitiveness in Finland in 2025.

Strategy alternatives were not examined on a systematic or documented basis

It is important to produce strategy alternatives so that different solutions for achieving the objectives can be presented. Based on the assessment of alternatives and systematic comparisons between them, the alternative that is the best one in terms of economic efficiency and other criteria can be selected.

Systematic or documented strategy alternatives for implementing the vision were not formulated during the drafting of the Bioeconomy Strategy. The final strategy was shaped in a process where the parties first considered measures that would help the bioeconomy to develop in the desired direction. These measures were revised and grouped during the drafting process and some of them were dropped along the way.

Even though the focus in the strategy preparation was on a single alternative, other alternatives were also indirectly considered in connection with the definition of the strategic goals. As no strategic alternatives were formulated, the economic or other impacts of the alternatives could not be assessed or compared.

Implementation was only partially planned

When the implementation process is planned, it is important to prepare for a smooth implementation in a changing operating environment. For example, determining risks and preparing for them makes a successful implementation process more likely, while properly planned reporting makes central government activities more transparent and allows public administration actors and decision-makers to get correct information at the right time. Similarly, with well-planned strategy and programme update processes, changes in the operating environment can be anticipated and reactions to them can be on a systematic basis.

In some respects, the implementation of the Finnish Bioeconomy Strategy was well planned: the measures carried out as part of the strategy and the parties responsible for them are listed in the strategy. The communications during the implementation was also properly planned.

At the same time, however, the risks arising from the implementation process were not evaluated and their treatment was not systematically planned. Moreover, reporting on progress and results in the strategy work was not planned and the same applies to the assessment and corrective measures concerning the strategy. The interviewees justified some of the inadequacies with well-established practices: referring to their own experience, they said that the strategies would be updated anyway when necessary, and assessment of strategies is part of the ministries' operating cultures.

The goals set for the strategy and the indicators used describe overall trends in bioeconomy. The impact of the Finnish Bioeconomy Strategy, the implementation of the measures set out in the strategy or the achievement of the strategic goals cannot be monitored with the indicators.

Recommendations of the National Audit Office

The National Audit Office recommends that the ministries that took part in the drafting of the Finnish Bioeconomy Strategy

1. should formulate strategy alternatives, assess their economic impacts and make systematic comparisons between the alternatives when drafting strategies
2. should review the risks connected with the strategies and other similar programmes in a systematic manner and prepare for them
3. should decide how progress in the strategy and programme work and its results are reported
4. should plan the strategy and programme update processes already during the drafting stage so that changes in the operating environment can be anticipated in the strategies and programmes and reactions to them can be on a systematic basis
5. should archive the key documents concerning the preparation of the strategies and programmes so that they will also be available later.