

Supporting areas of abrupt structural change

Since 2007 areas undergoing abrupt structural change have been supported with state measures. The objective has been to prevent paralysis and long-term unemployment in localities where large-scale dismissals have taken place. Support has been focused on enterprises' and municipalities' investments as well as labour administration measures. New forms of support have not been developed; instead additional funds have been allocated regions' normal support systems for a set period. About 40 million euros a year has been spent on activities. The audit evaluated activities' employment effects and authorities' activities in areas of abrupt structural change.

On the basis of a statistical analysis that was performed in the audit, activities' employment effects can be considered positive. It has not been possible to replace all the jobs that have been lost in a short time, however. On the other hand interviews that were conducted in the audit suggested that adequate funds have been available and that it has been possible to finance all reasonable projects. On the basis of audit findings, authorities' activities can be considered successful and sufficiently swift as a rule. Without measures the situation in areas of abrupt structural change would probably be worse than it is. The two-year status of areas of abrupt structural change can be regarded as a rather short time in which to achieve concrete results, however. In many areas structural change has continued for some time rather than being abrupt, and state support measures should also be longer-term.

On the whole activities have proved necessary from the viewpoint of crisis areas. It is especially important to prevent long-term unemployment, since the prolongation of unemployment makes it harder to find a new job. Reacting to structural change can also be improved if small localities prepare in advance for possible large-scale dismissals.

About half of structural change funds are co-financed by the EU. In order for measures to be as swift and flexible as possible, com-

pletely national financing can be considered a more favourable alternative from areas' viewpoint. On the other hand Finland could have made better use of possibilities for additional funding available from the EU in managing structural change. The European Globalisation Adjustment Fund has provided financing for similar structural change taking place in other EU member states.

The audit found that there have been shortcomings in monitoring the effects of structural change measures. On the basis of the monitoring of redundant workers' placement, one cannot draw conclusions as to what would have happened without intervention. Evaluating the real effectiveness of measures is indeed challenging.