

PROJECT FUNDING AS A STEERING INSTRUMENT

This audit examined the system of government grants for development projects in the field of social welfare and health care, which was introduced in 2003. The Ministry of Social Affairs and Health uses the system to steer resources and activities to matters that it believes can promote nationally significant objectives at the local level. In the project system local authorities can receive government grants to develop services, improve efficiency and update operating methods. Altogether over 200 million euros has been appropriated for development projects under item 33.32.36 in the state budget in 2003-2007.

In the project funding system the state provides partial financing and the actors provide the rest. Projects are usually implemented by one or more municipalities but can also be implemented by a federation of municipalities or a hospital district. As a rule projects last at least a year, and in most cases they last longer than this. The goal is generally to carry out broad projects in which regional needs are coordinated with national objectives.

On 1 April 2007 Parliament amended the Act on Planning and Government Grants for Social Welfare and Health Care. The Target and Action Plan for Social Affairs and Health was replaced with a national development programme, which is meant to strengthen programme management.

The audit examined how the system works as a steering instrument for the Ministry of Social Affairs and Health in relation to local authorities. The aim was to determine whether project funding can be used to steer local authorities' activities so that the ministry's objectives are met. On the basis of audit observations, attention was also paid to possible problems in the new national development programme.

The audit showed that the development project system has not achieved all the objectives that it was intended to meet. The

achievement of the desired results has been hampered by inadequate guidelines in the early stage, actors' uncertainties about the roles of the ministry and the state provincial offices, and problems in planning projects, transferring results to basic work and especially disseminating results. Planning requirements for projects were often not very high and in many cases planning proceeded after projects started. There are no coherent national criteria for evaluating development projects, and evaluations are conducted in many different ways. Furthermore objectives and focuses in the development project system have been quite motley, which may have obscured the system's objectives and made the system harder to comprehend.

In the opinion of the National Audit Office, the overall coordination of the development project system has not been adequate and consequently the objectives that have been set for individual projects and the whole system have not been met as well as would have been possible.

The project system also had positive points, however. It motivates local authorities and gives them a chance to develop their own activities, and results have been achieved. Projects have also increased cooperation among local authorities.

The National Audit Office believes that projects in the national development programme should be required to have precise project plans so that results can be transferred to basic work more effectively. In order to improve the comparability of results and their dissemination, the ministry should make sure that coherent national criteria are developed for evaluating projects. In the opinion of the National Audit Office, it would be good to require the outside evaluation of projects in the national development programme. The ministry should also make sure that projects' results and experience are widely available to different actors. This will help promote the dissemination of projects' results.