

FINPRO'S ACTIVITIES

The main question in the audit was whether the state has a coherent export promotion strategy and if so, how this strategy has been implemented by Finpro and how Finpro's effectiveness has been evaluated. The audit also investigated the state's export promotion system as a whole and what organizations which receive state funds are involved in export promotion.

The main observation in the audit was that the state does not have a coherent internationalization and export promotion strategy. The lack of a strategy has led to a complex export promotion system which includes numerous public and private state-supported organizations. Owing to the lack of a strategy, there are problems in the system with regard to controllability and coordination. This is visible in the setting of result objectives and the monitoring of effectiveness.

The Ministry of Trade and Industry has not investigated the effectiveness of supporting Finpro's activities or the effectiveness of export promotion aid channelled through Finpro or its subsidiary in general.

The Ministry of Trade and Industry should consider making an evaluation of the effectiveness of the whole export promotion system. The state presently supports several actors in the same branch, so the field is fragmented and difficult to control.

Finpro, which is financed mainly by the state and administers trade commissioners, is not necessarily the most effective way for the state to organize internationalization and export promotion. Permanent support which continues from year to year can lead to uneconomical and inefficient activities. In the opinion of the State Audit Office, the state should increase enterprises' share of the costs of Finpro's and trade commissioners' activities.

If it proves difficult to keep Finpro and Finpro Marketing Ltd separate, the possibility of selling the company

should be considered. Since Finpro still conducts market-oriented, state-supported activities, Finpro's competitive situation should be further clarified, in the opinion of the State Audit Office. It is also important to ensure that Finpro operates impartially. Special attention should be paid to ensuring that the operational aid received by Finpro does not go to support Finpro Marketing Ltd's activities and to keeping the two organizations separate.

The effectiveness objectives in the result document between Finpro and the Ministry of Trade and Industry are quite general, such as increasing employment and economic growth. The Ministry of Trade and Industry as an export authority and as the main source of finance for Finpro's Finland Trade Centres should clarify strategic priorities. The ministry should also pay attention to the accuracy and suitability of Finpro's result management and also set more quantitative objectives than at present.

The lack of an internationalization strategy hampers coordination and cooperation among different actors in the export promotion system. There is a risk that state-supported organizations will even compete with each other. A fragmented and uncoordinated export promotion system has been built with state support. The Ministry of Trade and Industry appears to have difficulties managing and directing this complicated construction. Clarifying and simplifying the internationalization aid system would probably help improve effectiveness. Creating a strategy could also improve coordination and cooperation among different actors.