

Abstract

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Aid to promote environmental protection

Aid to promote environmental protection has been granted since 1992. In 1996-2000 regional environmental centres and the Ministry of the Environment granted a total of FIM 137 million in aid to 678 development, trial, investment and clean-up projects intended to promote environmental protection. Aid recipients were mainly companies and local authorities.

The purpose of this audit of aid to promote environmental protection was to determine whether the aid system operates according to regulations and in such a way that aid goes to the purpose for which it is intended.

The audit indicated that monitoring and direction of the environmental centres by the Ministry of the Environment has been quite limited. Consequently the granting, payment and monitoring of aid has included deficiencies, irregularities and differences in procedures which have weakened the effectiveness of the entire aid system, increased the risk of decisions which are inappropriate and may even violate regulations, and placed applicants in different parts of Finland in an unequal position.

The audit found that one environmental centre granted aid for a project which was refused aid by another environmental centre. Some centres have granted aid to close old dumps without proper grounds, in the ministry's view.

Long processing periods for applications have made it harder to start and implement projects. After a long processing period, an aid decision may come as a surprise to the applicant in a stage when the project has proceeded quite far. In some cases aid has been granted to a project which has already been completed, in which case aid is no longer significant for the start or implementation of the project.

A key problem in the implementation of the aid system involves what costs are eligible for aid and how the reporting of costs should be verified. Some centres have considered it necessary to check systematically costs reported by recipients and approved by auditors, while others have not. Those centres which have separately checked eligible costs have observed that aid recipients have included unjustified costs in their payment applications.

With regard to the granting of aid, in certain cases emphasis has been drawn to the fact that transferable funds appropriated for centres have been used in full. A problem has arisen when aid recipients have not reported changes in projects according to regulations and changes have come as a surprise to authorities at the end of the aid period. As a result aid has been redirected to completed projects or has been granted and paid on a rapid schedule with insufficient control and sometimes contrary to regulations.

The effectiveness of aid to promote environmental protection has generally been weakened by the fact that it has not been possible to utilize the results of projects in the intended manner. In

the absence of an appropriate monitoring system, the benefits of projects have often been reaped mainly by aid recipient alone, although the results of projects are meant to be more broadly useful.