

Conclusions and recommendations of the National Audit Office

Relationship of RDI policy steering and other steering in Finland with the utilisation of EU programme funding

The audit assessed the compatibility of the steering of the national research, development and innovation (RDI) policy and activities with the EU RDI programme funding during the Horizon framework programme periods. The audit also examined the starting points and preconditions for the utilisation of EU RDI funding in Finland. In general, Finland has been found to have succeeded fairly well in the repatriation of Horizon 2020 funding. Finland received 2.26% (EUR 1.54 billion) of the funding provided under the programme, whereas Finland's relative contribution to the EU budget was 1.65%. By September 2023, 2.8% (EUR 663.45 million) of the Horizon Europe programme funding had been allocated to Finland. The audit was conducted because the risk analysis carried out before the audit revealed that the central government support measures and incentives are not sufficient or efficient in encouraging organisations to apply for and accept EU RDI funding. Challenges were also identified in the coordination of national and EU RDI funding, particularly due to the lack of clarity in the basic premises of Finland's policy as regards EU RDI and the shortcomings in the steering mechanisms. This undermines Finland's opportunities to utilise the EU RDI funding efficiently over a long term.

Previous EU RDI framework programmes have been built on a linear model. The linear model is based on the understanding that research and technology investments as such lead to development and innovation in a linear process, which is divided piece by piece into tasks and profit responsibilities of national actors in different sectors. The underlying reason for problems in the Horizon 2020 and Horizon Europe programmes is that the European Union and its Member States are regarded as a whole consisting of science, technology and society. In this whole, the RDI sector, other sectors and actors in them utilise one another interactively and reciprocally. In this context, the task of national actors is not only to repatriate EU funding but also to influence the EU and other starting points and preconditions for the utilisation of EU RDI funding more strongly over a long term as part of the national RDI policy. The utilisation of EU RDI funding thus challenges the structures, operating culture and steering of the national RDI system.

Crystallisation of the principles for the utilisation of EU RDI funding has progressed slowly

Based on the audit, the definition of the principles, objectives and procedures for the utilisation of EU RDI funding as part of the national RDI policy progressed slowly between 2013 and 2022. The progress has been slow because the tasks and

responsibilities related to influencing the EU's RDI policy and the strategic ways of utilising EU funding are complex and scattered across different administrative sectors. In addition, the responsibilities of most key actors are indirect. In practice, the principles and objectives for the utilisation of EU RDI funding and supporting it have been defined as part of the tasks of each administrative sector and more generally in the Research and Innovation Council's statements and RDI roadmaps.

Based on the audit, no mutually integrated objectives have been set for the process, outcome and impacts of EU RDI funding. Instead, the aim has been to increase EU RDI funding through quantitative repatriation targets and general guidelines. However, these alone are not enough to manage and support the national utilisation of increasingly complex and systemic framework programmes.

The operating environment in which participation in the EU's RDI programmes is supported and steered has also become more complex. Based on the audit, there has been no common forum, procedure or information base for discussion and development measures that aim to build the principles, operating environment and objectives for participation in EU programmes. The best way to strengthen the utilisation of EU RDI funding and supporting it is to create or improve forums and procedures for long-term discussion, agreement and regulation, and to improve the quality of the required information and its management.

The decentralised RDI system and insufficient information management in Finland hamper strategic utilisation of EU RDI funding

Finland has no national strategic priorities that would steer the utilisation of EU RDI funding and supporting it. This is due to the highly decentralised RDI system, where different actors define their own principles and methods for utilising EU RDI funding. The decentralised support for and management of participation in the EU's RDI programmes hampers the strategic management of the whole and would require strong coordination. Various tasks, quantitative objectives and methods have been defined for the utilisation of EU RDI funding and for supporting it. However, they are not strategic because they are not prioritised or coordinated clearly with other objectives and methods of the organisations. Based on the audit, the effectiveness of supporting participation in the EU's RDI programmes has not been clearly defined, either.

The audit found that evaluations and documents have included recommendations that could help to remove obstacles to the coordination of national and EU RDI funding and to the utilisation of EU RDI funding. However, few concrete actions have been taken to remove the obstacles. According to the audit, relevant and reliable information and its effective management are key means of increasing the utilisation of EU RDI funding. However, the funding organisations or other actors have not been assigned the responsibility for acquiring, compiling, integrating, evaluating or providing information that would promote the utilisation of EU RDI funding and supporting it. The National Contact Points (NCPs) and Business Finland's EUTI Unit compile and provide information on the EU's RDI

programmes and participation in them based on the information available from the EU Commission. However, mere statistical data on participation does not constitute a sufficient information base for strategic decision-making and development of activities. More in-depth assessment data is needed on supporting participation in the EU's RDI programmes and on the overall management of related information.

While the NCP network in Finland can support RDI actors in EU funding applications, it has limited resources compared with NCP networks in many other countries. The scarce resources limit the amount of support available substantially. In future, it would be important to assess in greater detail the resources and operating practices of the NCP network and its role in improving the efficiency of supporting the utilisation of EU RDI funding.

The utilisation of EU RDI funding and supporting it call for overall steering

Based on the audit, supporting participation in the EU's RDI programmes is steered without any coherent policy steering. Instead, it is steered by the national "Horisontti haltuun" model, built according to the NCP guidelines and implemented in a decentralised manner. As a result of this, the participation is supported in an environment where there is often tension between tasks and responsibilities. In such an environment, the tasks and responsibilities form a loosely interlinked network. Based on the audit, the overall management of supporting the participation in the EU's RDI programmes has been scarce and implemented as soft network steering. Long-term utilisation of EU RDI funding and supporting it efficiently require adequate overall management. This includes a clear structure that enables efficient steering by interlinking different tasks and responsibilities to achieve overall responsibility as well as effective management of tangible and intangible capital.

The challenges in the management of the utilisation of EU RDI funding should be examined in both a centralised and a decentralised manner

It is difficult to develop the management of the utilisation of EU RDI funding because it requires the management of interdependencies between many structures, activities and data and also between many actors and levels. Failing in this leads easily to a concatenation of problems. When, for example, the roles and responsibilities of different actors and the basic solutions for managing the information and knowledge needed to promote the utilisation of EU RDI funding are not clear, it becomes more difficult to develop principles and objectives, influence the EU and make strategic choices. It is also difficult for funding organisations to support the utilisation of EU RDI funding effectively. One important conclusion of the audit is that in the management of the utilisation EU RDI funding and supporting it, there are not only actor-specific challenges but also wider challenges that cannot be directly turned into development actions of

individual audited entities. The management challenges should be examined and solved both in a centralised manner at the level of the Government and RDI activities and in a decentralised manner by administrative sector and organisation.

Recommendations of the National Audit Office

1. Under the leadership of the Research and Innovation Council and in cooperation with stakeholders, the Government should prepare performance and impact targets for the EU's RDI programmes and the utilisation of EU RDI funding and align them with other sectoral and policy objectives and the procedures of the multiannual R&D funding plan. The preparation of the objectives should be scheduled, and it must be ensured that there are adequate tangible and intangible resources and clearly allocated responsibilities.

The management of the utilisation of EU RDI funding as part of the national RDI policy can be improved on the basis of the following options:

- An operating strategy extending beyond administrative sectors and government terms is prepared to support the utilisation of EU RDI funding.
 - Responsibilities are allocated more clearly at ministry level.
 - The tools of network steering used during the Horizon 2020 period are reformed.
2. The Government and the ministries should consider the different options described in recommendation 1 and combinations of them and ensure that, in addition to development measures for which individual organisations are responsible, the overall management of supporting participation in the EU's RDI programmes is developed in a systematic and goal-oriented manner.
 3. The Ministry of Economic Affairs and Employment, the Ministry of Education and Culture and the Ministry of Finance, in cooperation with the Research and Innovation Council, funding organisations and other RDI actors, should clarify the tasks related to the compilation, evaluation and provision of information that promotes the utilisation of EU RDI funding and ensure the necessary resources for the tasks.