



Introduction to Innovation Policy for Developing Countries

Module 05: Case Study

Evaluation of Innovation System in Finland



Evaluation in Finland

We now look at Finland, which has a strong tradition of M&E. As a strong economy with an advanced M&E system that is continuously used to update policies and programs, the Finnish experience suggests that there is some correlation between evaluation and economic performance. The M&E system has also proven itself capable of keeping up with changing conceptions of what innovation policy is and what it can accomplish over the decades.



Evaluation in Finland – History

It is worth noting that the impulse to M&E in Finland was prompted by the recession of the early 1970s; however, although the initial focus was on the accountability of public spending, evaluation over time became much more of a learning tool. Evaluation was introduced by the Academy of Finland, which is a system of research councils. Inspiration was taken from the practices of the Swedish Natural Science Research Council, although it went further by evaluating whole areas of research regardless of whether or not they were funded by the Academy.



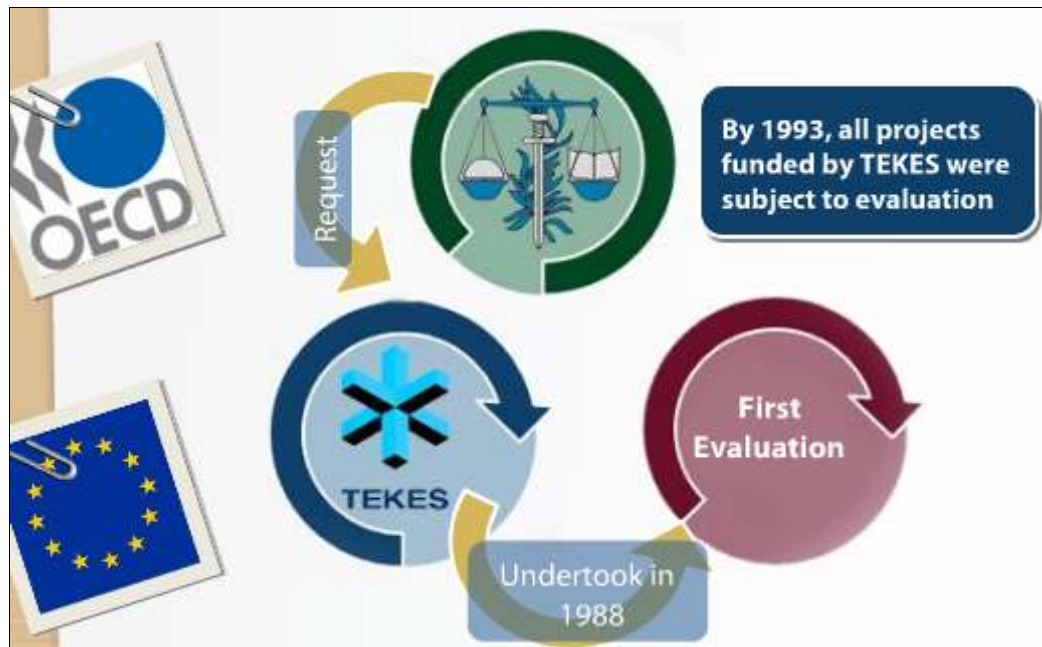
Monitoring and Evaluation



M&E in Finland was prompted by the recession of the early 1970s

Evaluation over time became much more of a learning tool

TEKES, the national agency for technology development in Finland, undertook its first evaluation in 1988, following a request by the State Audit Office to audit TEKES' activities. This coincided with a rising international interest in evaluation procedures and strategies promoted by first the OECD and then the EU. By 1993, all projects funded by TEKES were subject to evaluation.





Finnish System: M&E Characteristics (1/2)

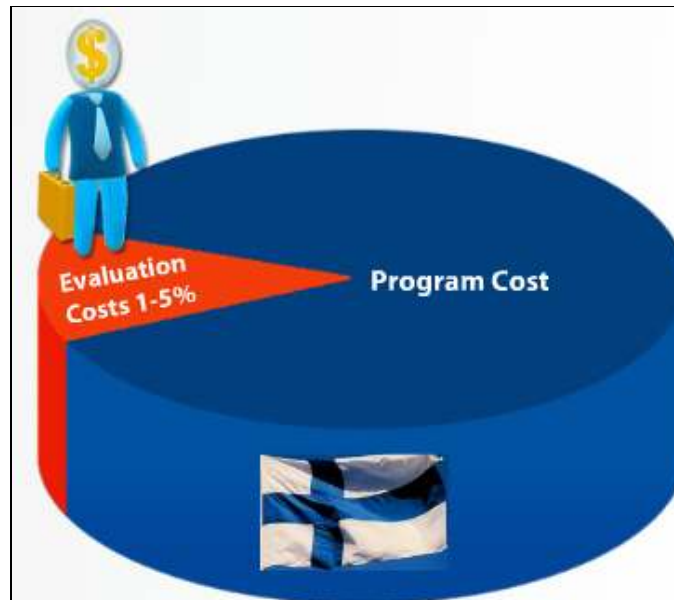
A strength of the M&E has been the use of panels of external experts. Because Finland is a small country, panels are composed of a significant number of foreign experts who are less likely to have vested interest in a project. Importantly, expertise is defined not only in terms of understanding of a particular policy area or domain but proficiency in evaluation methods. For instance, this was the basis of the Evaluation of the Finnish National Innovation System report which was published in 2009.

However, experience shows that external evaluation is not free from undue influence: when using expert panels, it is commonplace to prepare the evaluation process well in advance so that all the background material has been collected before the experts visit Finland for the first and, usually, only time. This limits what questions which will be asked and the type of people who will be interviewed – all of which strongly influences the impression the experts can gain of the institution being evaluated. To offset these problems, the foreign chair of the evaluation group is increasingly involved in the design of the evaluation and the collection of the background material before visits.



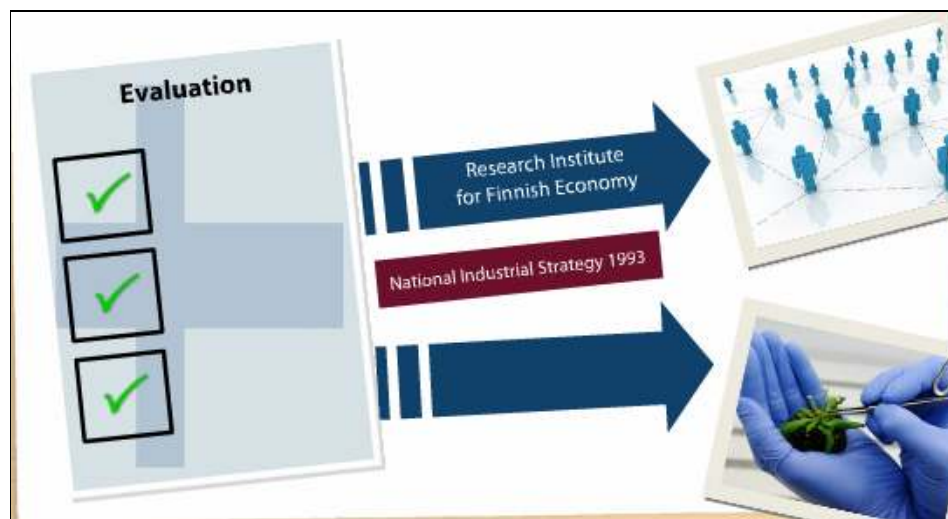
Finnish System: M&E Characteristics (2/2)

Emphasis is also given to real-time M&E and sophisticated mechanisms of information capture to support each stage of the evaluation process. Evaluations are conducted according to strict guidelines and are systematically budgeted for: on average, evaluation costs are 1-5% of overall programme costs, though this greatly depends on the scope or scale of the program/instrument being evaluated.



Finnish System: Examples of Successful Impact Evaluations

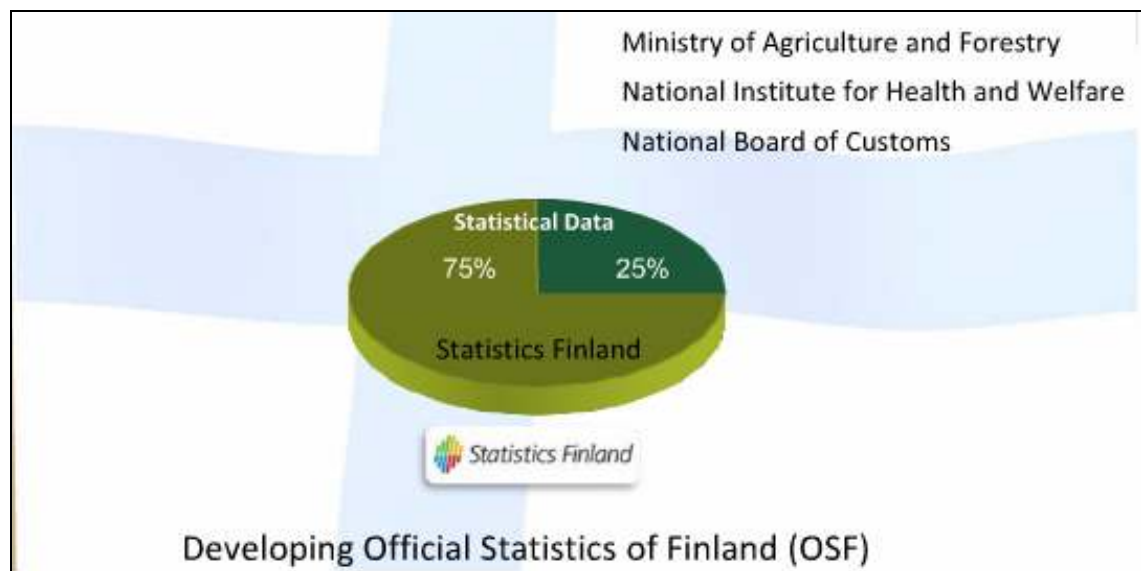
No matter how much evidence is produced - it is of little use, if policymakers do not act upon it. A number of examples show that evaluation is not only taken seriously but actually influence decisions. One prominent example is the study on industrial clusters by the Research Institute for the Finnish Economy which preceded and heavily influenced the National Industrial Strategy 1993, and later generations of cluster programmes. A more recent example is the evaluation of Biotechnology in Finland.



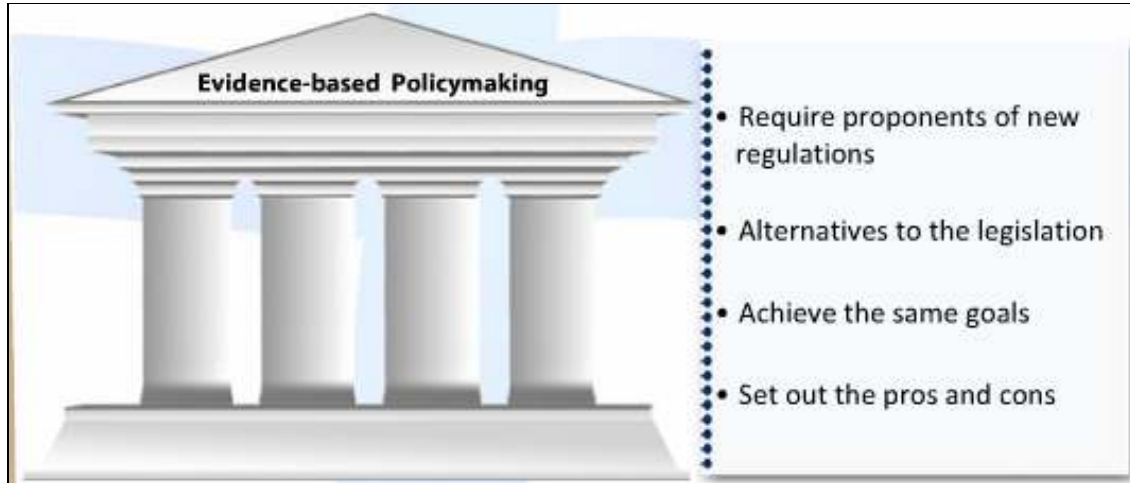


Finnish System: Evidence-based Policymaking

Evidence-based policy making depends upon proper structures of data collection and analysis. A number of statistical authorities are legally empowered to collect data for these purposes: the Information Centre of the Ministry of Agriculture and Forestry; the National Institute for Health and Welfare (THL); Statistics Finland; and the National Board of Customs. Statistics Finland, Finland's national statistical collection agency, is responsible for around three-quarters of Finland's official statistical data. It is also tasked with developing the Official Statistics of Finland (OSF), a network of organizations responsible for the production of relevant and high-quality official statistics in Finland.



The Finnish National Statistical Service delivers key data on society, together with the relevant metadata, to users free of charge. We have seen how carpentering robust institutions of M&E is not just a matter of following simple instructions but must be embedded in wider culture of transparency and accountability. A commitment to evidence-based decision-making pervades public administration in Finland: the Bill Drafting Instructions require proponents of new regulations to offer alternatives to the legislation -namely non-legislative means to achieve the same goals) and to set out the pros and cons for the chosen solution (e.g., by using cost-benefit analysis).



Finnish System: Institutional Strengths

Like most Nordic countries, Finland has a long history of openness and deliberation. This is reflected in a number of structural and institutional features: the strong self-government of municipalities, the fact that decision making power is close to citizens, and the strong legislative basis for participation.





Finnish System: Weaknesses

One problem is that innovation policy tends to be fragmented. As a result, valuable insights and information about the effectiveness of programs can slip through the gaps. In Finland, responsibilities for innovation cut across three key ministries – the Ministry of Education, the Ministry of Finance and the Ministry of Employment and the Economy, with each working according to different priorities: spending, relevance, excellence and budget control. Some form of high-level steering and horizontal coordination is provided by Research and Innovation Council -previously the Science and Technology Policy Council and is chaired by the Prime Minister; however there is a perception that these efforts could go further.

