

Local and regional levels as active actors in Finnish rural policy

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Rural policy has made significant progress in Finland, while the rural areas themselves have experienced both success and losses. The trends never depend on any single policy sector, but a strong rural policy makes sure that the countryside also gains, besides the many losses it has suffered in the recent decades.

Major achievements in reinforcing the Finnish rural policy system include:

- the Rural Policy Programmes (4) in the period 1989–2004;
- some Government Resolutions on the outlines for the rural policy;
- rural Policy Committee has worked from the winter 1988;
- mainstreaming of LAG activities to the whole country;
- reinforcing the village network at all levels: village associations, regional village coalitions and Village Action Association of Finland SYTY;
- new national Village Action Programme 2003–2007;
- introducing theme group activities in all regions, strengthening of actions and networking in several themes;
- funds for rural policy in the long term through EU's regional development programmes, Finnish Regional Rural Development Programme and Community Initiatives;
- ministerial Group of Rural Policy;
- a rural network of the Members of Parliament;
- strong political support for the decentralisation of government activities.

Rural policy must continue to develop its design, both in setting the objectives and in the organisation of the actions in practice. Serious policy work calls for both, and in real life it is not always possible to follow the chronological order: first objectives and then organisations. Broad political commitment and awareness cannot be generated through the objectives alone, but they call for modes of action with concrete tasks, which will then find support among the political decision-makers.

Back to broad rural policy

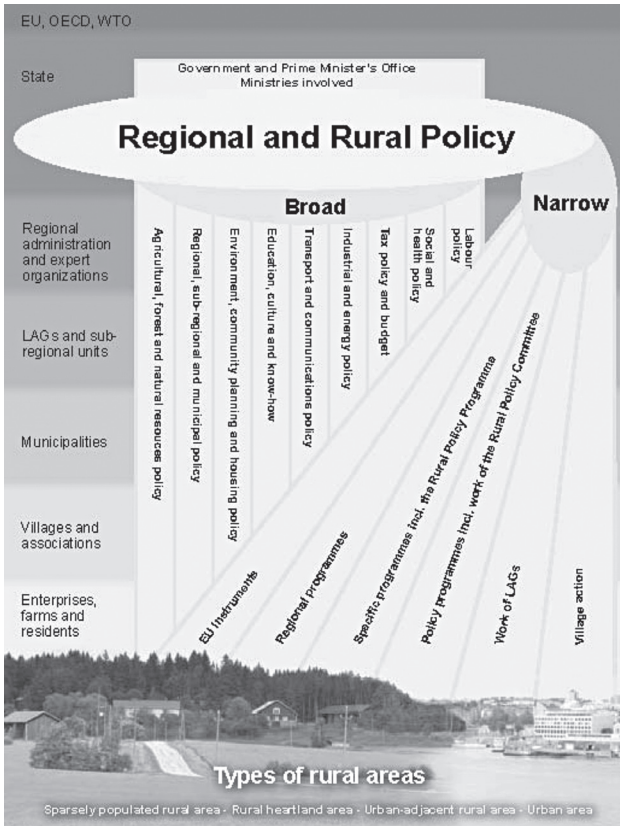
Policy discussion has regretted the disappearance of regional policy, or the fact that this has been replaced by the EU programmes. The conclusion is simplified, but quite correct. In the past decade the economic recession, accession to the European

Union and cuts in the public economy reinforced the policies which highlighted economic growth. This led to a decline of regional policy, which was seen as inefficient reallocation of the existing resources. The Structural Funds of the EU were not capable of filling the gap. The instruments applied in the broad and narrow regional and rural policy cannot substitute for each other.

The Rural Policy Programmes have evolved into a continuous process which provides an explicit framework for the preparations and decision-making aimed at improving the viability of the countryside in the different policy sectors. In a highly sectoral government organisation, such as in Finland, it is quite impossible to construct modes of action and organisations that could influence the established views and practices of each sector from the outside. The political will alone is not enough. A policy sector with integrating content and horizontal action must simultaneously clarify its objectives, reinforce its organisation and tighten the contacts within the sectoral administration. Among the rural policy instruments, the latter is implemented through the Rural Policy Programmes and negotiations on these, the Rural Policy Committee, the structure of its secretariat, and theme groups, which comprise several administrative sectors and organisations. The efforts to clarify the rural policy objectives also contribute to this indirectly. We have seen how a certain administrative sector assumes the responsibility for a certain objective and harnesses its own organisation for its implementation. What is also very significant is that rural policy may introduce certain elements to the public discussion, which are quite contrary to the objectives of a certain administrative sector. Even if the sector concerned could not quite approve such elements, it may be forced to make certain adjustments to the benefit of rural areas.

The Rural Policy Programme focuses on the broad policy issues, and preparing the programme will be a long and difficult process. However, the process is likely to extend rural policy to the level of regions, where it is still too often lacking in our country, the most rural country in the EU.

Narrow rural policy refers to the instruments that are directly aimed at reinforcing the viability of rural areas. The Objective Programmes and Community Initiatives expanded this set of means considerably. However, these should be considered as additions to the policy resources, rather than compensation for



Narrow rural policy prepares for the future

Fig. 1. The entity of Finnish Rural Policy

reductions in the broad rural policy. The objectives set for the EU programmes in Finland were far too high, and these will never be reached. In any case, the period 1995–2006 will be very important in the programme and project work in Finland, both financially and in terms of the actions. Programme policies are likely to continue after that, but with a diminishing EU funding.

One indisputable benefit of the programmes is that more funds have been allocated to the development of villages and environmental and cultural projects than would have been the case without the EU. The programme-based actions have also highlighted the role of partnership, local initiative and communities, and the bottom-up approach. Disadvantages include the extensive control and inspection operations and bureaucracy. In the context of EU affairs, simplification of the systems is quite an impossible policy objective, both within the EU and nationally. The schemes are becoming increasingly detailed and vulnerable, and a growing share of the original development idea may be lost. In Finland, we have also seen that the development work concentrates to large organisations with various kinds of expertise, accountants and money, which help them to get through, e.g., delays in the funding. This trend cannot be considered a desirable one.

In Finland, EU programmes have been subordinated to the objectives and budgets of different administrative sectors. Due to growing economic pressures, many new elements and key areas may be cut. EU programmes have become a means of allocating the public resources rather than developing tools aimed at reforms. The element of reform may be present in the objectives and strategies, but a critical analysis of the priorities and

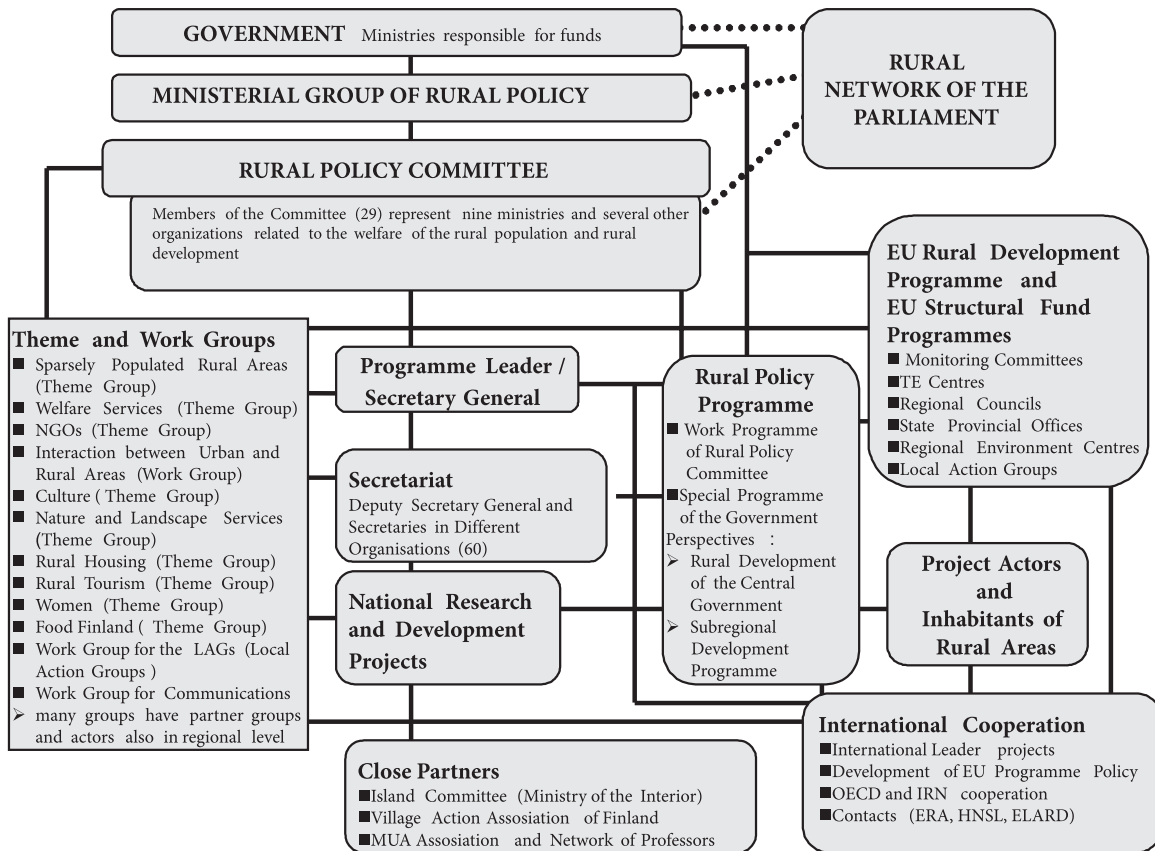


Fig. 2. Actors of the Rural Policy in Finland

actions reveals investments and inputs which would have been made through other channels as well. In the second programming period, the traditional key areas of the different administrative sectors have received increasing emphasis, which is far from progress.

In agricultural policy, the trend seems to be towards changing the relationship between the first and second pillars in favour of the latter, i.e. rural development. Agenda 2000 already aimed at this, but failed, any major success now is also very unlikely.

The mainstreaming and strengthening of the LAG work

The core of the Finnish experience is this: the regional broadening and deepening of LAG work was supported by national rural policy. The LEADER action is not only a temporary tool for the European Union in rural development – not at all. It is part of the national and EU rural policy.

In the autumn of 1995, in Finland, writing was underway on the second Rural Policy Programme which develops the effects of sector administration in rural areas to a more positive direction and strengthens the rural policy system. Around the same time, it was observed that local population was very interested in LEADER activities, even though there were no first-hand experiences of it yet in Finland. LEADER was the only EU programme tool which clearly inspired the citizens.

The drafters of the Rural Policy Programme made a suggestion: LAG work is to be distributed all over Finland with national funding. This gave a basis to including into the regional policy report presented by the Government to the Parliament the statement “Local action group work should be broadened to cover all areas of Finland”.

The LEADER II programme, which Finland received on its first EU period, only covered a third of rural areas. Despite this, the statement concerning the broadening of LAG work could be included in political texts, because the proposal was one of the

most important issues in the Rural Policy Programme drafted by an expert committee appointed by the Government.

Therefore the Rural Policy Committee (YTR), a government-appointed development organ in central administration with representation from several ministries, expert organisations and interest groups, had the political backing for trying to find national funding for new LAGs. This was achieved, and funding was received from the Agricultural Development Fund for the so-called POMO groups and their programme and project work. The Rural Policy Committee defined guidelines for the national POMO programme in the winter of 1997. At that stage, it was risky to do so, since there was no certainty yet of receiving funding, or of the regulations to be used in POMO work. But time was scarce, because the EU programme period was drawing to a close at the end of 1999.

Six months after the initial stage, in October 1997, Finland had 26 POMO groups beginning their work alongside 22 LEADER II groups. These 48 groups covered two thirds of Finland's rural areas during 1998 and 1999.

At the same time, another issue to be considered was how to get the LAG network to cover the whole country in 2000–2006. We naturally hoped that the LEADER+ programme of the next period would cover the whole country, but the Finnish government put more emphasis on the INTERREG initiative, and so LEADER+ became only slightly more extensive than LEADER II. It could accommodate a total of 25 groups, although there were 57 applicants with plans of mostly very high quality.

In October 2000, Finland sent the LEADER+ programme to the Commission. According to EU directions, the programme was leaning on the plans of LAGs, and so once the programme was completed, we in central administration also knew which groups were to be included in the LEADER+ programme in six months' time, once the Commission had approved Finland's plan. This “intermediate period” was used to mainstream LAG work in Finland.

<u>Time</u>	<u>Forms</u>	<u>Area</u>
1996	22 Leader II groups	1/3 of rural areas
1997	26 Pomo groups	1/3 of rural areas
2001	25 Leader+ groups	almost 40 % of rural areas
2001-2002	26 Alma or Objective 1 groups	almost 50 % of rural areas
2001	7 Pomo+ groups	about 10 % of rural areas
2002-2006	58 LAGs	almost all rural areas, only 6 rural municipalities outside
2007-2013	55 LAGs (not yet sure)	All rural areas include to LAGs

Fig. 3. The phases of mainstreaming

We noticed an opportunity: Finland was divided into Object 1 programme areas and ALMA (Rural Development Programme) areas. However, the Government could not make detailed decisions concerning the use of these funds. The decision-making belonged to regional administration. Therefore, the Secretary General of the Rural Policy Committee started negotiating with 12 regions about the possibility to use funding from the above-mentioned programmes for LAG work. The negotiating position was strengthened by the situation where the final selection of LEADER+ groups was not yet completed. The Secretary General presented the issue for the Minister of Agriculture and Forestry. A mutual understanding was reached, and 26 LAGs received funding from either the ALMA or Object 1 programmes. They will have about the same money as 25 LEADER+ -groups.

This process involved a considerable risk that regions would start lobbying more than usual towards the Ministry to get more LEADER+ groups. This in fact happened, but the preliminary list of LEADER+ groups, which was openly displayed at the negotiations, held until the end. This way, the puzzle was kept together.

However, seven LAGs were still left outside the funding. The Minister of Agriculture and Forestry emphasized that the Agricultural Development Fund could not be used for funding rural activities during second functioning period, because it exists specifically for agricultural funding. The situation was rather difficult. At this stage, the LAGs took their concerns to members of parliament. This resulted in a question presented to the Government: "How will the Government act to enable all areas to become covered under LAG network as was promised in definitions of policy?" The Ministry of Agriculture and Forestry had to consent, since the Agricultural Development Fund was the only possibility for funding seven groups. The amount of funding was smaller than hoped for, but this way the whole country was brought in reach of LAGs work.

Finland has 58 LAGs covering 419 municipalities out of 432; only the centres of larger cities and a few small cities remain outside. About 7 000 projects have already sprung up during this period. During the entire programme period, approx. 216 million euros of public funding and 110 million euros of private funding will be used for projects established through LAG work.

Light and shadow for the next period

Preparing for the programme period 2007–2013 began in the spring of 2005. The objective was a clearly extensive network of LAGs for the entire country as well as financially strengthened actions with a more extensive content. At present, it seems that the extensiveness objective will be reached; the last of the municipalities are joining the work. Furthermore, the tasks of the LAGs will be broadened in line with the content of the Inland Finland Rural Programme that has already been submitted to the Commission. However, a major problem is the fact that the government cut back the financing for the LEADER+ groups by a fifth when compared to the current level. The proposal of the Council of State includes only EUR 242 million of public funding for the LEADER activity when a sum relative to the current period would have been EUR 296 million. The government earmarks to the LEADER activity, i. e. to the effective precision development tool for the rural policy, only 3.6% of the rural programme funds amounting to more than EUR 7 billion: passive subsidies have conquered active development. But we are lucky: the future has also some positive features.

What can we learn from this?

Finland's experiences from mainstreaming have given us the following information:

- cross-administrational rural policy needs an organ (in Finland the Rural Policy Committee, YTR), which

Local Action Groups (LAGs) in Finland in the Period 2007-2013

- Funding of the LAGs is insufficient in the Rural Development Programme 2007-2013
- LAGs are key actors in Finland's rural development work
- LAGs will cover the whole Finland also during the programming period 2007-2013 (regional mainstreaming is completed)
- Focus in mainstreaming will be in the content (tasks)
- LAGs aim to achieve a strong and recognised position as rural development actors in the whole Finland
- Regulations have developed in a positive way

Fig. 4. Local Action Groups (LAGs) in Finland in the period 2007–2013

constantly develops the rural policy system as a network in central administration as well as the regional and local levels;

- risks have to be taken to achieve results;
- although the main direction and power of LAG work moves upwards, the crucial beginnings must be brought about from a higher level downwards;
- rural policy needs link persons who will watch the progress of whole projects, preferably on all levels of action;
- activities must be considered and planned sufficiently long into the future, for example, the negotiations carried out at the turn of 2000 and 2001 were aimed for both the periods 2000–2006 and 2007–2013;
- LAG work functions well for local people and is close to them.

Preconditions for powerful LAGs

Eleven years' work has given us more information concerning the fluent work and results of LAGs. What are the preconditions for powerful LAGs?

1. A LAG is a mixed group.
2. A LAG has real power with its own global grant money.
3. LAG's own Plan and Programme.
4. A wide range of projects.
5. In the Board of the LAG own quotas for different partners: municipalities, associations and ordinary people. It means NGOs and GOs together;
6. Leader method needs goodwill of regional and national authorities;
7. Good results on the basis of living civil society. Step by step we and you can build up civil associations.

The striving to reinforce the LAG work continues. Why is the LAG work so important for Finland and why it should be more actively implemented in all rural areas?

Arguments supporting the reinforcement of the LAG work

One of the most central principles of the LAG work is combining the actions and resources of the municipalities, associations, companies and single citizens. The tripartite of the rural development organisations' boards of directors aims at this objective, and they have obviously also reached it. The rural development work is cross-administrative in nature, and thus the working methods should also be genuinely cross-administrative. However, not all of the sector associations and single issue movements seem to understand and approve this.

This gathering of resources is especially important in Finland, since there are only a few people here, the action circles are isolated and almost always weak alone. The village actions and the LAG work have often succeeded in activating actions regarding one hobby circle, an occupational group or a population group. Thus, there is no contradiction between the local level actors and there should be no conflicts either, since the actors can benefit from each other.

In Finland, very good and plentiful experiences in LAG work were acquired already in the late 1990s. This is illustrated by several regional, national and international surveys. Usually, the objectives were exceeded. The most difficult objective, i. e. the number of new companies, was usually reached or nearly

reached as well. Lately, the readiness of the LAGs in this sector has increased, and it is only positive that the LAGs participate in arranging corporate financing all over Finland.

Some inexperienced parties have deemed the work of the LAGs based on minor projects. Thus, the fact that the financing of the LAGs does not go to any intermediaries and usually causes impacts has not been noticed. This is called precision financing. It is a whole another issue to develop the decision-making process by means of training and experience so that minor and actually insignificant issues will not mark the LAG work. We have learned from our mistakes.

Finland was not the first country to start mainstreaming. We are now the number one in profitability and hopefully in permanence as well, but Spain, Portugal, Ireland, France and Sweden, for example, have acquired experience in mainstreaming. The experiences have always been positive.

Villages in the national rural policy

Finnish rural policy systematically highlights the horizontal perspective in the development work of the different regional units. Villages, municipalities, sub-regional units, regions, nations and the European Union all represent regional units of different sizes. Each unit has specific tasks of its own, and each of them concentrates on managing tasks of appropriate scale relative to the unit. This means that villages have their own responsibilities and work, and based on a rational distribution of labour, certain tasks or elements may be assigned to the municipalities, State administration or the private sector. Some of the tasks belong to the villages alone, and they cannot have a say in the other tasks unless they take proper care of their own duties. Through active and responsible work the villages may become highly influential actors in rural policy. In the Rural Policy Programmes of 1996, 2000 and 2004 the role of villages has been duly acknowledged.

There are various reasons for the improvement in the position of villages, including the new development tools and resources introduced by the European Union, development of villages into responsible actors, the new role of citizens' actions as relevant elements in political decision-making and achievements of local development work.

The villages constitute the densest operative network in the rural areas. Village activity is a mechanism through which various associations and actions pull together, and expertise, funds and work can be coordinated to reach the best results. Village actions do not replace any other actors, but they add value to the work. Efficient village actions are founded on

1. village associations (about 2 650), which are entitled to manage and use public and joint funds,
2. regional coalitions of villages (19), which manage the regional village programme and implementation of the main projects,
3. village ombudsmen,
4. national village programme, where the most important proposals are incorporated into the National Rural Policy Programme,
5. Village Action Association of Finland, SYTY, as a joint forum for all associations engaged in rural development work, regional coalitions of villages and LAGs, and
6. LAGs as important sources of funding and partners in the development of villages.

The mechanism has developed very rapidly in recent years. It is not yet finished, and even if the membership in the Village Action Association has almost quadrupled in ten years to 133, new members are still needed. The work of the 55 village ombudsmen, regional or sub-regional village ombudsmen is only getting started and the number of village associations should be increased considerably. Constructing the new role of villages calls for a joint action by the central government and village action movements. Without this there will be no achievement, because we are not concerned with subordination or commands in the relations among the actors.

The Village Action Association of Finland

Three levels:

- 1 national village association (SYTY)
 - 19 regional village associations
 - 2 650 registered village associations
- The role of SYTY is the co-operation association; promotes the villages' voluntary activities, development projects for villages, democracy, interaction between rural and urban areas
 - Gives education, advice, information on village action, newsletter and web-site
 - Network services to the LAGs (Local Action Groups, 55)

Fig. 5. The Village Action Association of Finland

Focus on the content

In the next few years, rural development work will be able to focus on the content. Programmes have been completed and methodologies are in place, so the implementation work can really get started. The EU still has a very significant role, but emphasis should shift to the national procedures. The construction work has been done, but certain adjustments may be needed. The work on the content aimed at strengthening the countryside requires reinforcing the skills and expertise, increased interaction between the rural and urban areas, construction of communication networks in all parts of the country, promoting telecommuting, improving the living conditions in the countryside, new ways of organising the services, etc.

Major progress could be made if at least the politicians dealing with regional development would really talk about balanced development instead of focusing on some centres of growth. Neither should responsible agricultural policy rely on the declining number of larger farms. If regional development funds are directed to centres and agricultural funds to farms, the losses to the countryside and the whole Finnish society will be considerable. What we need is broader and more responsible thinking in both administrative sectors. Imbalance and inequality will ultimately turn against the centres and farms as well. The few centres are not influential enough to carry through the development by themselves, and farms no longer constitute the core of the countryside. However, the countryside is still seen as some kind of curiosity and sub-species of agricultural policy in the discussion on regional policy. How long can this kind of incomplete "thinking" continue? There are already some indications of more responsible and comprehensive positions.

AND FORESTRY

here we are in Finnish Rural Policy

- The instruments and tools for rural policy have been developed for 17 years, still insufficient
- The scope of narrow rural policy has become wider while that of broad rural policy has narrowed
- Finnish rural policy has evolved into a cross-sectoral policy programme
- The political support to the Rural Policy Committee is still insufficient
- One major strength in Finland is the short distance, practically a direct contact, between the central government, regional administration and local actors
- A horizontal policy needs horizontal actors at all levels. We have, but some of them are too weak

Fig. 6. Where we are in Finnish Rural Policy