



Regional Rural Development Programme
for areas outside Objective 1 for 2000 - 2006

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| Abstract | <p>The Regional Rural Development Programme covers the Finnish areas excluded from the Objective 1 Programme, except for Åland, which has a programme of its own. Thus the programme covers the territories of the Employment and Economic Development Centres of Uusimaa, Varsinais-Suomi, Satakunta, Häme, Pirkanmaa, South-East Finland and South Ostrobothnia and parts of the territories of the Central Finland, Central Ostrobothnia and North Ostrobothnia Centres.</p> <p>The Regional Rural Development Programme is based on Council Regulation (EC) No 1257/1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) as well as Regulation (EC) No 1750/1999 laying down detailed rules for the application of Council Regulation (EC) No 1257/1999.</p> <p>The amendments to the programme document of the Regional Rural Development Programme approved by the European Commission have been included in this publication (K(2002)170; CCI 1999 FIGPD002). The amendments notified to the Commission (Ministry of Agriculture and Forestry dno 865/312/2002 of 1 March 2002) based on results of the ex ante check of the administrative and control system as well as, for the part of the times of payment, matters that have arisen during the programme implementation have been taken into account.</p> <p>The Regional Rural Development Programme document describes the differences in the development of rural areas based on the classification into remote rural areas, core rural areas, urban-adjacent rural areas and urban areas. The classification of municipalities has been revised, and the differentiation of the support under the Regional Rural Development Programme follows the new classification. Section II of this publication provides further details concerning the description of the current situation due to the new classification of municipalities, and the new classification is given in Annex 1 to Section II.</p> | | |
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1. TITLE OF RURAL DEVELOPMENT PLAN

Regional Rural Development Plan for areas outside Objective 1 for 2000-2006

2. MEMBER STATE AND ADMINISTRATIVE REGION

Finland

The Regional Rural Development Plan has been designed for areas not covered by Objective 1, except for Åland, which is covered by a specific plan.

3. AREAS OF THE PLAN

3.1. Geographical area covered by the plan

The Regional Rural Development Plan has been designed for areas not covered by Objective 1 in Finland. The area includes the whole territory covered by the Employment and Business Economic Development Centres (Employment and Economic Development Centres) of Uusimaa, Varsinais-Suomi, Satakunta, Häme, Pirkanmaa, Southeastern Finland and Southern Ostrobothnia as well as parts of the territories of the Employment and Economic Development Centres of Central Finland, Ostrobothnia and Northern Ostrobothnia the plan will be implemented in the whole area, except for the zoned areas of the biggest towns.

The development plan covers the regions of Uusimaa, Varsinais-Suomi, Satakunta, Kanta-Häme, Päijät-Häme, Pirkanmaa, Kymenlaakso, Southern Karelia, Southern Ostrobothnia and Ostrobothnia as well as parts of the regions of Central Finland, Central Ostrobothnia and Northern Ostrobothnia. Part of this area is covered by Objective 2.

There are altogether 4,064,500 people living in the area not covered by Objective 1, which is about 80% of the total population of Finland. When the zoned areas of the 12 biggest towns (Helsinki, Espoo, Tampere, Vantaa, Turku, Oulu, Lahti, Pori, Jyväskylä, Lappeenranta, Kotka and Vaasa) are excluded, what is left is **a rural area with the population of 2.3 million**. This is 58% of the total population of the area concerned.

According to the OECD classification, Finland is the most rural country in the EU. However, there are considerable differences between the rural regions in different parts of the country. In the plan the differences in the development level be-

tween the rural regions in the area concerned have been taken into account based on the classification of the rural regions into five categories used in the Finnish rural policy: archipelago municipalities, municipalities in remote rural areas, municipalities in core rural areas, municipalities in rural areas adjacent to towns and urban areas (a list of municipalities is given in Annex 1). The classification has been made by impartial research institutes by means of multivariable method based on indicators for distance, population, jobs, lines of business, share of primary production, etc. In the Regional Rural Development Plan the classification has been simplified by combining the municipalities of the archipelago and remote rural areas into a single category, referred to as remote rural area below. The classification is being reformed, and the differentiation of the support according to the regional rural plan will be based on the new classification.

The rural development plan aims at intensive development work directed at the core rural areas and remote rural areas. The share of the former is 64% and that of the latter 13% of the area of the plan. 26% of the population outside the area covered by Objective 1 live in the area concerned (Annex 4 and Chapter 5.1.1.).

Thus the main emphasis in the development is on the rural regions of the municipalities located in the remote and core rural areas. *The distribution of the public funding of the plan is based on the population figures of the municipalities in remote and core rural areas*, i.e. the total financing for the territory of each TE-Center is established proportional to the population figures.

The land area of the area concerned is 105,353 square kilometres, which is 32% of the total land area of Finland.

In the west the whole area borders on the sea. Apart from the municipal centres, there are a number of industrial and rural centres in the western area as well as large rural regions where the population is concentrated to the riversides and villages. Of the growing population centres in Finland, Oulu and Tampere are located in the western part of the area.

In the south the area borders on the Gulf of Finland. The southern area consists of very diverse elements, from the coastal and archipela-

AREAS COVERED BY OBJECTIVES AND AREA COVERED BY REGIONAL RURAL DEVELOPMENT PLAN



- Objective 1 area in Northern Finland
- Objective 1 area in Eastern Finland
- Regional Rural Development Programme area
- Regional Rural Development Programme area on the Ålands Islands

go areas along the Gulf of Finland to the inland lake region. In the southwestern and southern parts there are extensive, flat farming areas, while in the northwest and north there are significant woodlands. Of the growing population centres in Finland, the capital region, Turku and Salo are located in the southern part of the area concerned. In the east the area borders on Russia.

3.2. Regions classified as Objective 2

There will be three Objective 2 programmes in Finland for the programming period 2000-2006. In continental Finland programmes are drawn up for the relevant regions located in Southern and Western Finland, and Åland has a programme of its own.

The Objective 2 area in Western Finland includes the following sub-regional units: Rauma, Pori, Northern Satakunta, Southern Pirkanmaa, Eastern Pirkanmaa, Northeastern Pirkanmaa, Northern Pirkanmaa, Jyväskylä, Southeastern Central Finland, Keuruu, Jämsä, Äänekoski, Supohja, Southern Seinänaapurit, Kuusiokunnat, Järviseuutu, Kokkola and Ylivieska. In addition to these, the programme covers archipelago regions of certain municipalities in Western Finland, the district of the town of Oulu as well as Hervanta in Tampere.

Objective 2 for Southern Finland covers Vakka-Suomi, Hämeenlinna, Riihimäki, Forssa, Lahti, Heinola, Kotka-Hamina, Lappeenranta, Western Saimaa, Imatra and Kärkikunnat. In addition, it should also include archipelago regions of the southern municipalities, parts of the sub-regional unit of Turunmaa and certain eastern parts of the city of Turku.

The total area of the regions included in Objective 2 is 69,000 square kilometres, which is about 20% of the total area of Finland. 30.6% of the Finnish population live in this area.

The area included in Objective 2 covers 29 of the 32 municipalities in remote rural areas and 96 of the 174 municipalities in core rural areas in the area of the Regional Rural Development Plan. The total population of the remote and core rural areas in the Regional Rural Development Plan is 1,062,134, and 59% (626,891) of them live in the municipalities included in ob-

jective 2 listed above. The financing of the Regional Rural Development Plan is distributed among the Employment and Economic Development Centres in proportion to the population figures. Thus obviously a larger share of the funding will be directed at the area covered by Objective 2.

4. RURAL DEVELOPMENT PLANS IMPLEMENTED IN THE RELEVANT AREA

There will be three distinct rural development plans for Finland:

- Horizontal Rural Development Plan;
- Regional Rural Development Plan;
- Regional Rural Development measures concerning Åland islands

The Horizontal and Regional Rural Development Plans and the measures included in these support each other, but due to the differences in the model of administration and preparation schedules as well as simplification of the plans the measures are presented in distinct plans. The links between the measures and the compatibility and consistency of the plans have been established at the preparation stage in extensive drafting work groups, joint planning and coordination work group as well as through co-operation

between the different units of the Ministry. The support systems are designed so that a single measure may not be included in more than one system. In the preparation of the measures and plans efforts have also been made to design the forms of support included in the different systems so that they support and, if necessary, complement each other.

Due to the autonomous position of Åland, there is a distinct rural development plan for this area. There have been representatives from Åland as members in the drafting work groups for the continental plans and the plans share a number of similar features, but due to the small area of Åland the scale of the plans for this territory is also very small.

5. QUANTIFIED DESCRIPTION OF THE CURRENT SITUATION

5.1. Description of the current situation

5.1.1. Population of the area

According to the classification of rural regions, the municipalities and people included in this Regional Rural Development Plan are distributed as follows (1998):

| | Municipalities | Population | % of population in the area | Population density persons/km ² | % of area of the region |
|---------------------------------------|----------------|------------------|-----------------------------|--|-------------------------|
| Remote rural areas (incl.archipelago) | 32 | 93 602 | 2,3 | 6,3 | 13 |
| Core rural areas | 174 | 962 409 | 23,8 | 14,4 | 64 |
| Rural areas adjacent to towns | 69 | 959 439 | 23,4 | 50,9 | 18 |
| Urban areas | 27 | 2 072 658 | 50,4 | 425,1 | 5 |
| Total | 302 | 4 088 108 | 100,0 | 38,7 | 100 |

Distribution of the population and municipalities between the area covered by Objective 2 and the area excluded from this:

| | Objective 2 area | | Other area | | Total area of rural development plan | |
|---------------------------------------|------------------|------------------|----------------|------------------|--------------------------------------|------------------|
| | Municipalities | Population | Municipalities | Population | Municipalities | Population |
| Remote rural areas (incl.archipelago) | 29 | 85 736 | 3 | 7 866 | 32 | 93 602 |
| Core rural areas | 96 | 540 005 | 78 | 422 404 | 174 | 962 409 |
| Rural areas adjacent to towns | 23 | 411 550 | 46 | 547 889 | 69 | 959 439 |
| Urban areas | 8 | 458 911 | 19 | 1 613 747 | 27 | 2 072 658 |
| Total | 156 | 1 496 202 | 149 | 2 591 906 | 302 | 4 088 108 |

About half of the population of the region lives in municipalities included in the three categories for the most rural categories. The share of population arrived at here is smaller than that presented in Chapter 3.1. above, because an account based on municipalities does not include the extensive rural areas in municipalities classified as urban areas.

Outside the settlement areas surrounding central towns the population density is lower than in the whole country on average. The area includes six very sparsely populated sub-regional units,

where the population density is less than 10 inhabitants per square kilometre. The population is concentrated to the large population centres in Southern Finland. In the territory of the Employment and Economic Development Centre of Uusimaa the population density was 147.6 inhabitants/km², while the population density in the territories of the Employment and Economic Development Centres of Central Finland (16.0 inhabitants/km²), Southern Ostrobothnia (14.8 inhabitants/km²) and Northern Ostrobothnia (10.2 inhabitants/km²) is below the average in the whole country (16,9 inhabitants/km²).

Change in the population in 1994-1998:

| | Population 1994 | Population 1998 | Change 1994-98 |
|--|------------------|------------------|----------------|
| Remote rural areas (incl.archipelago) | 98 232 | 93 602 | - 4,7 |
| Core rural areas | 987 974 | 962 409 | - 2,6 |
| Rural areas adjacent to towns | 938 809 | 959 439 | 2,2 |
| Urban areas | 1 952 111 | 2 072 658 | 6,2 |
| Total | 3 977 126 | 4 088 108 | 2,8 |

In recent years the migration of the population has mainly been directed at large, diverse population centres. A new trend is that the population gain is also significant in central municipalities, while in some of the municipalities surrounding population centres that were growing quite rapidly the trend has reversed into a loss. Uncontrolled migration may distort the population structure and some of the existing infrastructure may remain under-utilised. (Migration balance according to municipalities in 1997 is given in Annex 2.)

Population growth has been rapid in large cities and in municipalities surrounding these. During the five-year period presented in the table above the population of Helsinki grew by 6.1%, that of Espoo 10.0%, Tampere 7.1%, Vantaa 6.6% and Oulu 8.8%. Population growth is the strongest in the sub-regional units of the major cities, and about a third of the Finnish population live in the sub-regional units of Helsinki, Tampere and Oulu.

In the remote rural areas the population is declining quite rapidly, partly due to the negative migration balance and low birth rate compared to the mortality. Except for one municipality (Velkua), the population decreased in all municipalities located in remote rural areas during the period concerned, while in the core rural areas the population fell in 152 municipalities and grew in 22 municipalities.

Both migration and natural population trends change the population structure of the regions.

Outside central sub-regional units the number of women decreases more rapidly than that of men. Women seem more willing to move away from rural areas, and emigration also distorts the age structure: the share of population of working age decreases and the share of old people grows. Even if the sub-regional units with the highest population loss are located in Northern Finland, there are serious problems in many sub-regional units in Southern Finland, too. In Central Finland, e.g. in Pirkanmaa, net emigration and depopulation are at the same level as in the problem areas in Northern and Eastern Finland (see the map on the threat of depopulation in different sub-regional units in Annex 3).

Most of the people moving away from rural regions are young and well-educated. Emigration from rural municipalities is the highest in the age group 15-29 years, who move to the municipalities where they go to school. Part of the working population in turn move to the growing population centres. Most of the people coming to areas with population gain have intermediate-level education (70%) and about 25% have a university degree. As the more highly educated population moves to the growing population centres, the knowledge and skills concentrate to these. The continuation of such migration trends in the future would lead to too high specialization between the regions, which would have adverse effects such as economic and social problems both in the areas losing and in those gaining the population.

Population indicators according to the Employment and Economic Development Centres are given in Annex 4.

The regional report 'Employment and Labour Force of Regions' of the Ministry of the Interior states that the most important factor influencing the population trends in the coming years is the current population structure. This anticipates the future development and sets the preconditions for this. The population structure reflects the migration and fertility in the past years. In the areas with population gain the share of the young age groups is larger and the population grows more rapidly also due to a higher birth rate, while in areas with population loss the share of older people is higher and the birth rate is also lower. Thus the areas are characterised by certain population trends due to the structural factors only.

In the future the migration trends will influence the regional structure to an increasing extent as the population growth in the whole country slows down and the labour force decreases. In areas suffering from population loss the natural population growth is too low to in proportion to the aging of the population. In areas that have been losing their population for some time the share of people in the older age groups is high and the natural population growth is very slow.

According to the trend calculations of Statistics Finland, the population growth will be the strongest in Uusimaa: more than 110,000 people between 1997 and 2010, and a little under 150,000 by 2017. These figures are close to the figures for the whole country. Besides Uusimaa the population also grows in Varsinais-Suomi, Pirkanmaa and Northern Ostrobothnia. Some growth is expected in Central Finland, Päijät-Häme and Kanta-Häme, while in other regions the population is going to decrease.

5.1.2. Regional economy

In the regional report 'Employment and Labour force of Regions in 2017' of the Ministry of the Interior, the 1990s are considered a decade of dramatic economic changes in Finland. All areas were affected by the economic depression and high unemployment especially in 1991-1993. In areas with strong export industries the recovery from the depression and production growth started already in 1993, but in most areas this occurred only in 1994-1995. During the 1990s the regional structure of the total production has also changed as certain fields of activity have grown more rapidly than others. Growth of the production in export industry, decline of agriculture and the recovery of the building industries and services are reflected in the regional structures. The production is to an increasing extent concentrated to the Helsinki region and other large, diverse and increasingly international centres, such as the regions of Tampere, Turku and Oulu.

The growth of the export industry has led to an increase in the production in a number of industrial centres, such as Jämsä, Loviisa, Äänekoski, Raahe, Southern Pirkanmaa, Kotka and Salo regions, and especially the wood processing, metal and electronics industries have led to quite rapid growth in some regions. Instead, in provincial centres dominated by service industries and regions dominated by agriculture, such as Southern and Central Ostrobothnia, the production has been growing quite slowly. By 1996 the level of 1990 had been reached only in Uusimaa, Pirkanmaa, Kymenlaakso, Ostrobothnia and Northern Ostrobothnia.

After the depression the differences between the regions have increased. In 1996 the GDP per capita in Uusimaa was more than FIM 130,000, while in Southern Ostrobothnia it was clearly below FIM 80,000. The growth of the GDP per person of the whole area is more rapid than in the whole country on average. Southern Finland

is the most intensive region in Finland in terms of all industrial activities, measured by e.g. manufacturing industries, traffic or agricultural production. Southern Finland accounts for more than half of the gross production in Finland, and in 1997 the GDP per capita was 116 when the GDP per capita in the whole country was indicated by the figure 100. Differences in the GDP between the different parts of the country are presented in Annex 5.

However, according to the report there is no single type of sub-region losing their proportional position or a certain special characteristic in common to such sub-regions. Declining sub-regions include rural areas, areas dominated by manufacturing industries and urban regions dominated by the service and administrative sectors. In most cases the weak economic development has been due to the relatively low initial GDP level, but some areas where the production used to be at a high level have also started to decline.

5.1.3. Infrastructure

There is permanent settlement in almost all parts of Finland, except for the northernmost parts of Lapland. The number of residential and most service buildings is large enough for the whole population. The road network is very good, train connections are for the most part quite adequate, and so are the air traffic connections. Fixed telephone connections and data communications networks reach almost all parts of Finland and the mobile phone network reaches areas with no fixed telephone connections. The net asset value of the infrastructure, including traffic network and the different aspects of community services (water supply, energy, waste management, communi-

cations) is very high, and maintaining the networks requires considerable investments each year. Northern infrastructure involves long distances and sparse population, the landscape is fragmented by a large number of watercourses. Winter conditions cause additional problems in the constructions and maintenance, and raw materials and products have to be transported over long distances. These factors increase the maintenance costs of the networks, but repairing the existing network is still much cheaper than building a new one.

The key issues in terms of the future are whether we are capable of maintaining the existing infrastructure, and whether we are willing to utilize all of the existing infrastructure by keeping all parts of Finland populated. Or should we support new public investments to the growing population centres, which would be needed due to the concentration of the population, but which will also promote the continuation of the current trends? *The Regional Rural Development Plan aims at the full utilization of the existing service networks and the improvement of the efficiency of this.*

5.1.4. Employment and enterprises

The growth in the production after the depression has not been directly reflected as a growth in employment. None of the provinces has reached the number of jobs in 1990. Half of the growth in the number of jobs has occurred in Uusimaa, and the number of jobs has also increased in Varsinais-Suomi, Pirkanmaa, Ostrobothnia and Northern Ostrobothnia. However, over one half of the sub-regions has reached the number of jobs in 1993, and this level has not been reached yet in the most rural sub-regions.

In 1997 the jobs in the area were distributed as follows:

| | Primary production | % | Processing | % | Services | % | Unknown | % | Jobs total |
|--|--------------------|----------|----------------|-----------|------------------|-----------|---------------|----------|------------------|
| Remote rural areas (incl.archipelago) | 5 088 | 17 | 8 944 | 29 | 15 439 | 51 | 1 046 | 3 | 30 571 |
| Core rural areas | 51 422 | 16 | 99 214 | 31 | 158 400 | 49 | 11 087 | 3 | 320 123 |
| Rural areas adjacent to towns | 14 054 | 4 | 120 179 | 37 | 184 527 | 56 | 9 335 | 3 | 328 095 |
| Urban areas | 5 392 | 1 | 228 363 | 23 | 724 919 | 74 | 20 457 | 2 | 979 131 |
| Total | 76 818 | 5 | 456 700 | 26 | 1 093 667 | 65 | 41 925 | 3 | 1 657 920 |

Compared to rural areas adjacent to towns, the share of primary production in the jobs is high in remote rural areas and core rural areas, but in these, too, the share of primary production is only about a third of the jobs in the service sector, most of which are related to the public welfare services. Cuts in the public sector increase the unemployment and leads to loss of population. In addition to services, manufacturing industries are a significant employer in rural areas adjacent to towns.

The change in the structure of occupations reflects the structural change in the production in different regions. Structural change has been the strongest in regions where the share of agriculture and forestry used to be high and where a considerable decline has occurred in these industries. The rapid structural decline of the primary production has led to growth in certain other sectors. The more rapid the structural change is, the more often the labour force has to switch from one job to another, which causes problems as both unemployment and labour force bottlenecks. This happens especially if the structural change is much more rapid than the natural

turnover of labour force (retirement and flow of new labour force from schools and colleges), and the transition from one occupation to another is not properly organised.

According to the regional report 'Employment, Labour Force in the Regions 2017', of the Ministry of the Interior, the number of the employed is forecast to turn into a decrease after 2007, and the supply of labour will reach its peak in 2006-2007. Declining sectors include agriculture, forestry and financing. In the manufacturing industries the decline will start already in the middle of the next decade.

According to the estimates concerning the trends in labour force in different regions, until 2010 the number of labour force will grow only in Uusimaa, Eastern Uusimaa and Northern Ostrobothnia. By 2017 the labour force is on the decrease in all provinces. In the long run the differences in the age structure between the regions will be reflected in the supply of labour. Where the age structure is dominated by the older age groups the shortage of the labour supply restricts the development of employment.

Unemployment in the area covered by the plan in 1995-1998:

| | Share of unemployed in labour force 1995 (%) | Share of unemployed in labour force 1998 (%) | Change in the share of unemployed 1995 - 1998 (%) |
|--|--|--|---|
| Remote rural areas (incl.archipelago) | 19,1 | 16,4 | 13,9 |
| Core rural areas | 17,2 | 13,5 | 21,4 |
| Rural areas adjacent to towns | 18,2 | 14,2 | 22,3 |
| Urban areas | 19,0 | 14,5 | 23,6 |
| Total | 18,4 | 14,3 | 22,6 |

High rate of unemployment is still the most serious problem in the regional development, and regional differences in unemployment are permanent in nature.

In 1995-1998 unemployment in the municipalities located in remote rural areas decreased more slowly than in the whole area on average, and in the remote rural areas the share of the unemployed in the labour force is still more than two percentage units higher than in the whole area on average. In remote rural municipalities the share of long-term unemployed also grew during the period in question, while in other areas this was on the decrease.

The Agricultural Economics Research Institute has examined *the number of small enterprises* located in rural areas on the basis of data from the Enterprise and Place of Business Statistics of Statistics Finland. The register on small rural enterprises set up on the basis of the study includes all enterprises with less than 20 employees located in postage code areas classified as rural (population density less than 50 inhabitants per square kilometre). According to the register on small enterprises, there are about 40,000 small enterprises in the sparsely populated area covered by the development plan, and these employ about 53,000 persons. Because in this study the definition of a rural area is much more narrow than that used in the development plan, the number of small enterprises in the whole area covered by the plan is much higher. However, the number of small enterprises located in sparsely populated areas only can be compared to the number of farms in the area of the plan: *the number of small enterprises is almost two-*

thirds of the number of farms (in 1998 the number of active farms was about 62,000). The role of small enterprises as sources of livelihood is much more significant in the countryside than in urban areas because the employment opportunities based on wage income are fewer.

Enterprises located in rural areas differ from those in population centres in terms of the size and lines of business. In rural areas the share of enterprises related to the basic production is obviously higher, and in general various kinds of manufacturing activities are more common. The share of trade and restaurant and accommodation services and other service enterprises is smaller. On average the enterprises located in rural areas employ fewer people than those in towns: in rural areas the average of all lines of business is 1.5 persons/enterprise, while in urban areas this is 1.9 persons (staff+entrepreneur).

5.1.5. Agriculture

In 1997 the total number of farms in the programme area was 99,885, and 64,910 of these were active producing farms. 63% of all Finnish farms and 72% of active farms were located in the programme area, i.e. the share of active farms in all farms was higher than in the whole country on average. 76% of the arable area in Finland, about 1.7 million ha, is located in the programme area. The largest farms are located in the southern and southwestern parts of the area: Varsinais-Suomi, Uusimaa and Häme. Farms of the smallest average size are located in Central Finland, Southern Karelia and Pirkanmaa. The number of farms and arable area in the territories of the different TE- Centres are presented in Annex 6.

Change in the number of farms in the area covered by the rural plan:

| | Number of farms in 1992 | Number of farms in 1998 | Change % |
|---------------------------------------|-------------------------|-------------------------|----------|
| Remote rural areas (incl.archipelago) | 5 289 | 3 395 | -36 |
| Core rural areas | 58 831 | 44 672 | -24 |
| Rural areas adjacent to towns | 16 117 | 12 097 | -25 |
| Urban areas | 2 270 | 1 529 | -33 |
| | 82 507 | 61 693 | -25 |

In the remote rural areas the number of farms is falling much more rapidly than in the whole area on average, and thus the farms no longer constitute the backbone of the settlement and industrial activities in these regions.

Agricultural production in the area covered by the plan is highly diversified. Agriculture is characterised by the concentration of the different production lines to different parts of the area, which must be taken into account in the development of agriculture and the processing of agricultural products at the local and regional level.

Dairy husbandry is the main production line on 24% of the farms located in the area of the plan. The most significant milk production areas are in the northernmost parts of the area, in Central and Northern Ostrobothnia. Milk production is also the most important production line in Central and Southeastern Finland, while in Varsinais-Suomi, Uusimaa and Satakunta the share of dairy husbandry is relatively small.

The raising of beef cattle is the main production line on 6% and *pig husbandry* on 8% of the farms in the programme area. Pigmeat production in Finland is mainly concentrated to the area covered by the plan, especially to the western parts of the area: Varsinais-Suomi, Satakunta, Southern Ostrobothnia and Ostrobothnia.

Almost all *egg production* in Finland is located in the area covered by the plan, and egg production is the main production line on 2% of the farms in this area. Within this area egg production is concentrated to Varsinais-Suomi and Ostrobothnia, where 60% of the farms practising egg production as their main production line are located.

Practically all of the *poultry meat production* in Finland is also located in the area of the plan, but the significance of this as the main produc-

tion line is quite limited. Almost a third of the farms producing poultry meat in Finland is located in Satakunta.

Cereal production is proportionally the most significant production line in the area covered by the plan: 40% of the farms report cereal production as their main production line. In the territory of the TE- Centre of Uusimaa the share of cereal farms is almost 60% of all farms. Cereal production as the main production line is the least common in Southern Ostrobothnia. Among the different cereals, the almost all of the cultivation of bread cereals and turnip rape is located in the area of the plan, while in the area covered by Objective 1 the main cereals are oats and fodder barley and more than half of the arable area is under grasses.

Other crop production is a significant production line on 13%, of the farms in the area of the plan.

Most of this is located in Häme, where the main crops are sugar beets and potatoes, and in Satakunta and Varsinais-Suomi, where the cultivation of horticultural crops in the open is quite common and this is the main production line on 4% of the farms in the area.

90% of the greenhouses in Finland are located in the area covered by the plan. Almost half of these are in the territory of the TE- Centre of Ostrobothnia, where 2% of the farms practice greenhouse production as their main production line.

Data on the numbers of active farms, arable areas and production lines in the territories of the different TE- Centres are given in Annexes 6-8.

In the area covered by the plan the structure of agricultural production has become to an increasing extent dominated by crop production as the number of livestock farms has decreased. This means that an increasing share of the farms

no longer provide full-time employment all year round, and especially cereal producers also do wage work outside the farm. In core rural areas and remote rural areas, where it is more difficult to find employment outside the farm, the producers have tried to develop small-scale entrepreneurial activities linked to farming. *The significance of pluriactivity can be expected to increase in rural areas.*

Organic production

The increased awareness of health and environmental issues has increased the demand for organically produced foodstuffs and organic production practices. Organic production aims at maintaining the fertility of the soil and biodiversity. Due to the prohibition on the use of chemical fertilisers and pesticides as well as e.g. more accurate utilization of animal manure organic production causes less nutrient leaching than conventional farming. The profitability of organic production has been improved by means of support. Organic production is more labour intensive than conventional farming, and thus it also contributes to the employment in rural areas.

About 10% of the consumers use organic products regularly and more than 50% purchase them occasionally. At present the share of organic products in the trade on perishable goods and foodstuffs is about 1%.

The market areas for organic products increase as the share of processed organic products grows. In Europe there are tens of millions of consumers who use organic products, and thus the potential export markets for organic products are considerable.

Part of the Finnish cereal production can be differentiated by means of the production, processing and marketing of organic cereals and thus this would gain a special position on the world market. In 1998 the area under organic produc-

tion was about 32,000 ha, and the share of cereals in the whole arable area approved for organic farming was about 37%.

At present organic production accounts for a little over 5% of the cereal area in Finland, but efforts are being made to increase this to at least 10% in the next few years. Rye is the best suited for organic cultivation, and in the case of rye this share has already been reached.

Organic production is one of the most important aspects in the development of Finnish agriculture. For example, the Ministry of Agriculture and Forestry has appointed a strategy work group to draw up a programme for the development of the cultivation of organic cereals.

Production of foodstuffs

The depression in the early part of this decade was reflected in the whole food-processing sector as slow growth or even decrease in the production volumes. After the depression the demand for processed foodstuffs has again started to grow. At the turn of 1994 and 1995 the adjustment to the EU membership was reflected in the volume of the production, and towards the end of the decade food production was affected by the sudden collapse of the Russian markets and poor crop in 1998.

Employment in the whole food-processing sector has declined quite rapidly during the 1990s when the field has become adjusted to the opening of the markets and tightening competition. In 1998 the number of people employed in food processing was about 40,000, while in the beginning of the decade this employed more than 55,000 people.

The number of enterprises operating in the main sectors of the processing of agricultural products was about 500 and there were about 600 places of business, which is a little less than a third of the total number of places of business

operating in the food-processing sector in Finland. The processing of agricultural products employs about 20,000 people, i.e. about half of the people working in the food processing sector.

The domestic markets are by far the most significant ones for the Finnish companies. The opening of the market and decrease in the price level seems to have led to an increase in the significance of the origin of staple foodstuffs for the consumers. This has reinforced strategies based on operations on the domestic market.

During the 1990s a large number of small enterprises have been set up in the food-processing sector, both in connection with agriculture and without any links to farms. Each year 220-290 new enterprises have started in this field, and setting up food enterprises also increased slightly during the economic depression in the early 1990s. The trend has been about the same in all provinces, but the proportional growth has been the strongest in Eastern Uusimaa, Uusimaa, Pirkanmaa, South Karelia and Central and Northern Ostrobothnia. Focal areas in the development of the small and medium sized enterprises in the food sector are the improvement of the efficiency of domestic marketing, development of cooperation on the export market, development of quality systems for SMIs, as well as development of training and the activity of national centres of knowledge and skills on this field.

5.1.6. Forests and forestry

In addition to the income from timber sales, forests provide opportunities and raw material for small-scale industrial activities, mechanical wood processing and increasing the use of domestic energy in rural areas. Forests are also highly significant as ecosystems and habitats of wild living organisms as well as recreational areas. Forests play an important role in the Finnish rural landscape, and they are one of the main at-

tractions in the tourism and leisure-time activities and services.

The forest area covered by the Regional Rural Development Plan is about 7.5 million ha, which is about 40% of the total forest area in Finland. The forest balance is positive as about 15% of the total annual growth of 45 million cubic metres remains unused. Thus felling could be increased for the needs of e.g. value-added wood processing or for energy wood. About 76% of the forests in the area are owned by private families, and almost 40% of these forest owners are farmers. The number of forest holdings owned by private families in the area is about 240,000, and the average size of the holding is 22 ha.

In order to promote the economically, socially and ecologically sustainable use of the forests each forestry centre has drawn up regional target programmes, which form the basis for *the National Forest Programme 2010* approved by the Council of State, providing the outlines for the national forest policy. Ecological sustainability is promoted by reducing the adverse effects of forestry measures on the nature and enhancing the conservation of the biodiversity of forest ecosystems. Social sustainability can be supported by slowing down the fall in the number of jobs in rural areas and by promoting the creation of new jobs. The preconditions for family forestry are also improved through e.g. training and advising directed at forest owners.

The number of people employed in forestry fell rapidly in the early 1990s, and at present it is about 13,000 persons in the area of the development programme. The most important reasons for the decrease in the number of jobs are mechanization of harvesting and reduction of the management measures – regeneration, management of the sapling stand, draining peatland and thinning. Forest management and silvicultural measures done in the right time

would promote the long-term utilization of the forests and, due to its labour intensive nature, it would also create new employment opportunities.

Increasing the harvesting and use of energy timber would stimulate the employment in the forestry sector especially in sparsely populated areas, and the use of domestic and local energy resources would also strengthen the regional economy. The development of entrepreneurship related to heating has been quite positive in the area of the plan, and the number of wood energy entrepreneurs in this field has grown considerably from the beginning of the 1990s. At the end of 1998 there were 51 heating plants in the area and 50 new ones were being planned. In the existing heating plants the heat generation capacity of solid fuel is about 17 MW, and the local heating plants account for about half of this. The plants use altogether about 65,000 bulk cubic metres of chip, and more than 80% of this comes from harvesting sites.

Forests are highly significant as recreation areas, and especially in the densely populated Southern Finland the management of the habitats of wild plants and animals is of particular importance. In addition to national parks and other conservation areas, the area under recreational use is estimated at about 20,000 ha. Each year private forests yield about 45 million litres and wild berries and 20 million litres of mushrooms. The number of recreational hunters living in the area of the plan is estimated at about 200,000. In the future the planning of the use of forests and forestry measures should to an increasing extent be adjusted to the other rural industries at the local level so that, for example, forestry, management of the nature and tourism could be combined in the marketing. Increasing the efficiency of entrepreneurship based on a combination of recreation, wildlife tourism and multiple-use of forests would provide extensive opportunities for earning a living in the rural areas.

5.1.7. Other industries

Mechanical wood processing

The number of places of business in the field of mechanical wood processing located in the area of the plan is about 4,000 and these employ about 20,000 persons. Most of the companies are located in Southern and Western Finland.

In spite of the increase in the number of sawmills, the number of jobs in this field has decreased in the 1990s. At present the number of full-time sawmills practising sawing, planing or impregnation is about 1,500, and in addition to these there are a number of small field sawmills that operate seasonally. The number of enterprises engaged in other forms of timber production in the area is 2,000-2,500, and these employ 7,000-10,000 persons. Due to the small size of the firms and their scattered location it is difficult to obtain data on them.

The development of mechanical wood processing would improve the employment and income formation in the rural areas, increase small-scale entrepreneurial activity, raise the processing degree of timber products and, through this, increase the income and exports. Studies show that in the development of the SME sector of the timber industry the marketing skills of the entrepreneurs, customer orientation and cooperation with other companies in the field should receive special emphasis. Information technology should be utilised in the logistics as well as data control and transfer.

In the future the possibilities to increase the use of timber are very good as the environmental awareness of the consumers is increasing and health issues receive more and more emphasis in the building. Timber product industry can be developed by relatively low investments. In recent years efforts have been made to increase the use of timber, and these should have a positive impact on the development of the demand and pro-

duction. Development projects are directed e.g. raising the image of timber, search for new uses, raising the degree of processing and development of the marketing.

Metal, electronics and plastic industries

The municipalities have taken various kinds of measures to promote the location of industrial plants in rural areas, such as building of municipal industrial areas. Another significant feature are regional concentrations of companies operating in a particular field, for example, metal industry in several municipalities in Southern Ostrobothnia and Varsinais-Suomi, rug and carpet industry in Ostrobothnia and wood product and plastic industries in Päijät-Häme. Another feature in recent years has been the establishment of small enterprises in old iron works and other factory communities in the rural areas, which has created new centres of skills in the field of design, arts and crafts and information.

Metal industry can be divided into the manufacturing of metal products and manufacturing of machines and implements. In the whole country the metal products industry employs almost 30,000 persons. The majority of both the jobs and companies are located in Uusimaa, Pirkanmaa and Varsinais-Suomi, and the manufacturing of metal products also employs a significant number of people in Satakunta and Southeastern Finland.

Most of the 56,000 jobs in the manufacturing of machines and implements are also located in Uusimaa, Varsinais-Suomi, Pirkanmaa and Häme, and this field is also an important employer in Central Finland, Satakunta and Ostrobothnia. It should also be noted that metal industry depending on traditional agriculture is an important employer, and e.g. in Varsinais-Suomi there is a large number of jobs in the manufacturing of agricultural machinery.

The majority of the plants manufacturing metal products or machines and implements are small, with less than 5 employees. New companies have mainly been set up to meet the increasing demand for subcontracting in the metal industry, and, on average, subcontracting accounts for about half of the production of small and medium-sized metal plants. Most of these companies are located in Southern Finland. A significant number of new plants manufacturing metal products have also been established in Ostrobothnia, Southern Ostrobothnia and Central Finland. The market area of the companies seldom extends beyond the economic area concerned, which means that the profitability of the activity depends on the local structure of enterprises.

Electronics industry can be divided into the contract manufacturing of electronics and manufacturing of electronic measurement and analysis devices. Electronics industry comprises the manufacturing of communications equipment and devices, computers and office technology, electronic devices for medical purposes, industrial automation and measurement devices, etc.

The development and growth of electronics industry requires regional centres of skills, and thus most of the companies in this field are located in certain areas. There are such concentrations in Uusimaa, Varsinais-Suomi (Turku-Salo), Pirkanmaa and Northern Ostrobothnia (Oulu region). One significant centre for subcontracting is located in Sievi in Northern Ostrobothnia.

The total number of people employed in the electronics industry is almost 50,000, and almost 20,000 of these jobs are located in Uusimaa. Electronics industry is also a significant employer in Varsinais-Suomi, Northern Ostrobothnia, Ostrobothnia and Central Finland. Instead, in Southern Ostrobothnia and Southeastern Finland the number of jobs in this field is relatively small.

Most of the companies are quite small, and more than half of them employ less than 5 persons. During this decade a large number of new companies have been set up. The number of companies has grown by more than 25% from 1992 and in the past five years the number of staff has increased by 5,000 persons, i.e. manifold. In the near future the growth in the production of the electronics industry is expected to continue.

Plastic industry is mainly located in Southern Finland, and two-thirds of the companies are in Uusimaa, Pirkanmaa, Varsinais-Suomi and Satakunta. There is also a relative large number of plastic enterprises in Ostrobothnia. In terms of the number of jobs, in 1996 this industry was the most significant in Pirkanmaa, where these companies employed almost 2,000 persons, as the number of jobs in the manufacturing of plastic products in the whole country was a little more than 11,000. Plastic industry is also a significant employer in Uusimaa, Häme and Satakunta, while in Northern Ostrobothnia and Central Finland the role of plastic industry in the employment is relatively small.

The majority of companies in plastic industry are small, with 1-4 employees, and many of the companies are run by the entrepreneur alone. The number of large companies is very small. One reason for this may be the capital intensive nature of the field. Most of the large companies are located in Southern Finland.

Companies operating in the field of plastic industry in Finland are mainly engaged in the manufacturing of plastic packages, technical plastic components and plastic products related to building. Plastic packages are mainly produced for the needs of other industries, especially the food processing industry, and thus the manufacturing of plastic products is closely linked to food processing industry. In the future environmental protection will receive increasing emphasis, and the recycling of plastic products

and utilization of plastic waste related to this requires efficient systems.

Services

The share of services in the jobs in rural areas is still a little more than a half, while in the urban areas this may be as high as three-quarters. Most of the new job opportunities especially for rural women are in the service sector.

The growth in the consumer demand offers good possibilities for the development of service industries and establishment of new companies. Research, advisory and development services as well as programming and other services related to the information technology are needed to support the new entrepreneurial activity. In particular, services based on information technology can be produced in rural areas for the needs of towns and cities. Welfare technology creates new opportunities for entrepreneurship related to rehabilitation, social and health care sectors and the general promotion of people's own initiative in managing their lives.

Until the 1990s the construction of a welfare state also supported the rural areas. The objective was to guarantee the social, health and education services to the whole population, and the growth in the services led to an increase in the number of jobs in the public sector, which was highly significant especially for women. The opening of the markets and economic depression led to a considerable decrease in the public services during the 1990s.

However, a significant share of the jobs in services in the rural areas are still in the public sector, and the decline of the service systems as a result of the cuts in the public funding are a serious concern. The decrease in the rural population results in a decrease in the services, which will in turn lead to an increase in the rural depopulation, and it also forms an obstacle to migration from towns to the countryside. The trade, post-

al, banking, health, library and transportation services have suffered from considerable cuts especially in the rural areas, the number of village schools has been dramatically reduced, and for example the number of retail stores in rural areas fell by 62% in 1980-1995. Obviously this is also directly reflected in the number of jobs in the service sector.

The share of public services is likely to decrease further in the next few years, which should increase the opportunities for the production of private services. For example, the aging population combined with the problems faced by the municipal economies imposes a great challenge to the organization of services in the future.

In the future, too, jobs in the service sector will be highly important in terms of an active and viable countryside, and a significant reduction in the level of services reduces the attractiveness of rural areas as places of work and residence. Besides the rural population, the decrease in the services also affects people coming from the towns and cities, who spend a large share of their free time in the countryside. The number of summer cottages and holiday homes is increasing constantly. The total number of people in the household that own a summer cottage is 900,000, but when all the people using the summer cottages more or less regularly is taken into account, the number of people concerned rises to almost 2 million. About 80% of the new holiday homes are fit for winter habitation.

The projects included in the rural development plans search for new solutions based on local entrepreneurship for the production of care services, produce models for customer-producer relationships as well as aim at producing services based on service vouchers. Efficient holiday relief services are vital for the mental and physical welfare of farmers. The availability of services to the permanent and temporary residents of rural areas can be improved by means of electronic transactions and information technology.

Tourism

Tourism does not yet offer very significant all-year-round employment opportunities in rural areas, where most of the holiday-makers are customers of tourism enterprises. This is mainly due to the seasonal nature of tourism as well as the concentration of the tourism industry to the highly capital intensive hotel services, which offer relatively little employment opportunities, while the development of the more labour intensive programme services has been secondary.

According to the enterprise register of the Agricultural Economics Research Institute, there are a little under 1,800 enterprises offering tourism and recreational services in the area covered by the plan. This is about 56% of the rural enterprises operating in this field in Finland. The figure includes hotels and other forms of accommodation services, restaurants and cafes, kiosks selling food, staff cafeterias, catering and other food service enterprises as well as enterprises related to sports. The total number of employees in the tourism and recreational service enterprises is about 2,200, and their total turnover is about FIM 1.2 billion. The distribution of the turnover between the demand due to tourism and the local consumption is difficult to estimate. The figures include enterprises located in sparsely populated areas only, but the tourism enterprises located in towns also increase the employment and the demand for services in the surrounding countryside.

The figures presented above include only those enterprises that are included in the Enterprise and Place of Business Statistics of the Statistics Finland. However, in the rural tourism the share of small-scale entrepreneurial activity, sometimes in connection with farms, is quite significant, and these enterprises with the capacity of less than ten rooms are not included in the statistics.

The theme group for rural tourism has compiled some data on such small rural tourism enterprises, and so far data has been obtained from more than 2,000 enterprises. In the area of the plan the enterprises are distributed as follows:

| Employment and Economic Development Centre | Number of rural tourism enterprises | Accommodation capacity of rural tourism number of beds |
|--|-------------------------------------|--|
| Uusimaa | 57 | 941 |
| Varsinais-Suomi | 158 | 3 736 |
| Satakunta | 54 | 855 |
| Häme | 133 | 2 742 |
| Pirkanmaa | 192 | 3 537 |
| Southeastern Finland | 148 | 2 557 |
| Central Finland | 139 | 2 520 |
| Southern Ostrobothnia | 79 | 1 749 |
| Ostrobothnia | 20 | 428 |
| Northern- Ostrobothnia | 30 | 880 |
| Total | 1 010 | 19 945 |

The share of the accommodation capacity of rural tourism is about a quarter of the total fixed (excluding caravans) accommodation capacity in Finland. In rural regions the share of this is obviously much higher.

Globally tourism is one of the most rapidly growing sectors, and considering the potential the development of the tourism industries both in Finland and in the Finnish rural areas is only getting started. Especially in rural tourism there is a lot of under-utilized capacity, which makes it possible to create new jobs through the development of programme services and by extending the tourism season without any significant new building investments.

5.1.8. Environment

Water resources

Finland possesses exceptionally abundant water resources. The area of inland waters is about 33,500 square kilometres, which is about 10% of the total area of Finland. The total number of lakes and ponds of over five hundred square metres is almost 200,000 and that of lakes of more than one hectare is about 56,000. Watercourses have influenced the location and development of settlement and industries in a significant way,

and water resources still play a central economic and social role. Today watercourses are particularly important for leisure activities and tourism, and fishing industry has retained some of its economic importance as a side-line for agriculture. The potential uses of watercourses and coastal regions are one of the most significant strengths in the development of rural areas.

Groundwater resources are highly important in terms of the water supply in rural regions, because the majority of the population in the area use groundwater as household water. The objective is to increase the use of groundwater as this is of higher quality than even efficiently treated surface water. In general the quality of groundwater has remained quite good and the supply is adequate. However, in some places e.g. in the coastal regions the quality of the groundwater is also poor and it must be treated to make it fit for household use.

In Southern Finland the groundwater resources are abundant. The largest deposits are located in the first and second Salpausselkä eskers as well as the longitudinal eskers connected to these. A considerable share of the settlement, traffic routes and production plants in Southern Finland are located in the esker regions above the groundwater deposits. In Western Finland the

groundwater resources are distributed quite unevenly across the area.

Outside the population centres the household water comes in most cases from own wells, and only about a third of the population have an adequate supply of high-quality household water available. Wastewater from households is often conducted through septic tanks into watercourses or groundwater without adequate purification, and the phosphorus load from scattered settlement is estimated to be 1.5 times that from population centres. On many farms as well as in rural enterprises the water management is also deficient.

Abundant water resources, inland waters and coastal regions create opportunities for the securing and development of the environment of the rural settlement and enterprises. The objective of the Regional Rural Development Plan is to improve the possibilities to utilize the water resources in various ways and to create new entrepreneurship and jobs based on the utilization of natural resources.

The state of waters

The state of the surface waters in Finland has been monitored since the beginning of the 1960s. An extensive study made in 1997 showed that in 80% of the lakes included in the study the water quality was excellent or good, while in only 3.6% it was passable or poor.

In Western Finland the state of the watercourses can be roughly divided into three classes on the basis of usability. In Central Finland and Pirkanmaa the water quality in most lakes and rivers is good, while in Satakunta the quality is in most cases satisfactory. In the territory of the Regional Councils of Southern, Central and Northern Ostrobothnia as well as Ostrobothnia the usability of the inland lakes and rivers is in most cases considered passable. In South-eastern Finland, especially Vuoksi watercourse

area the water quality in lakes and rivers is good. Load from manufacturing industries and communities has decreased, but especially smaller lakes and rivers are considerably affected by scattered loading. On the coast the usability of the water is good, further away from the coast even excellent, but close to rivers and larger population centres the quality of the seawater is only satisfactory.

Factors threatening and changing the quality of the soil and groundwater include acidification, fallout of heavy metals, dumping areas that are no longer in use as well as timber impregnation plants, de-icing salt, agriculture, fur farming and removal of earth materials. Wild esker regions located close to major cities and towns have for the most part been used up and pressures are directed at the rock material. Most of the contaminated areas in need of urgent restoration measures are located in groundwater areas.

The quality of groundwater is in general very good in Finland and it is monitored regularly. The current Finnish stipulations allow a nitrate content of no more than 25 mg/l, while the EU provisions allow the nitrate content to be double this amount, 50 mg/l. In only 0.4% of the samples examined the nitrate content was more than 25 mg/l. However, ground water quality in certain intensive farming regions in Southern and Western Finland gives rise to concern, and in some places e.g. in coastal regions groundwater almost invariably requires treatment before it can be used in households.

In rural areas outside the population centres household water usually comes from wells, and only about a third of the rural people have an adequate amount of high-quality household water at their disposal. The waste water from households is often conducted through septic tanks to watercourses or groundwater without adequate purification measures. In sparsely populated regions the phosphorus load is estimated to be more than 1.5 times that of the population

centres. Also on many farms and rural enterprises the water supply system is satisfactory.

Sea areas suffer from eutrophication. The load on the Gulf of Finland is in an essential way influenced by emissions from the neighbouring countries, but the domestic sources of loading are decisive in terms of the state on the inland waters and coastal regions. 80% of the nutrients entering the Gulf of Finland come from Russia, and the share of Finnish agriculture is a few percentage units. However, in the case of inshore waters the role of agriculture in eutrophication is more significant as e.g. in the archipelago region 70% of the nutrients come from agriculture. The abundant occurrence of blue-green algae in recent years prevents the use of watercourses as water supply or for recreation and hampers fishing. The effects of the loading are the most clearly visible in the Archipelago Sea and river watercourses in Southern Finland. The greatest challenge in the next few years is to reduce the load from scattered settlement and agriculture. The state of the Archipelago Sea is also influenced by the relatively extensive aquaculture practised in the area. In addition to the reduction in the load, the improvement of the state of many watercourses requires active restoration measures.

State of forests and peatlands

In the area the forest types vary from the ridge and herb-rich forests in Southern Finland to rocky forests on the coast and woodlands in areas where the land rises from the sea. The amount of conserved forestry area is about 100,000 ha, which is only a small share of the total protected forestry area in Finland. The conserved areas are relatively small and scattered. In order to improve the state of the forest conservation in Southern Finland, in the implementation of the National Forest Programme 2010 includes also an estimate of the forest conservation needs in this area.

According to the inventory results the state of forests is generally good, though the population

centres, traffic and long-distance deposition cause acidification of the soil in some places. Especially in the capital region and along the eastern border the level of the deposition exceeds the limit set for critical load on forest areas, which is a threat to the preservation of the productive capacity of forests and lakes. About two-thirds of the acid deposition comes from the neighbouring regions.

In Finland the forests and their sustainable use have traditionally been economically and culturally important. Thus, for example, forests have always been regenerated after final felling either naturally through seed bearer trees or shelter wood felling or through sowing or planting. The obligation concerning regeneration is provided in the current Forest Act (1093/1996).

About 70% of the peatlands located in the area have been drained for economic use. The most valuable peatlands in terms of the nature conservation are included in the basic programme for the protection of peatlands ratified by the Council of State. There is intensive peat production in the area. Hundreds of hectares of peatland is released from peat production each year, and the future use of this has not been solved yet.

In Finland environmental permission will be required (Act on Environmental Protection 86/2000) for all peat mining field of more than 10 ha. Permission conditions contain stipulations concerning the introduction of environmental protection measures as well as obligation to monitor the environmental effects. The restoration of the area after peat mining activities is also taken into account. The measures required depend largely on the future use of the area (forestry, farming, artificial lake).

Air quality

Air quality is good in both Southern and Western Finland, even if the area is affected by considerable long-distance fallout. In certain heavily

industrialized regions the critical load on the environment has been exceeded due to air pollutants. The natural gas network extending to Pirkanmaa and the use of other alternative sources of energy instead of coal and oil has led to significant improvement in the air quality in residential areas, reduced the local sulphur fallout as well as the transportation of this to other regions.

Carbon dioxide emissions can be reduced by replacing plants using fossil fuels by heating and energy plants that burn wood.

The main problem areas in terms of the air quality and emissions are the places where the heavy industry is located, and in some places the nitrogen load from agriculture is also a significant factor.

Agriculture influences the air quality through ammonia emissions, and it accounts for a significant share of the total ammonia fallout in Southwestern Finland and Ostrobothnia. In the past 25 years, however, ammonia emissions have fallen due to the new practices in handling animal manure and decrease in the number of animals, and because of this the total emissions are expected to continue to fall. The share of agriculture in the carbon dioxide and methane emissions is 8%, and these are also expected to fall as a result of the decrease in the number of animals. On the other hand, the growing unit size in agriculture may have a negative effects on the practices for handling manure and thus the emissions per cattle unit may increase.

Biodiversity

In recent years biodiversity has declined due to settlement and industrial activities. The species that are the most seriously affected are those living in old forests, herb-rich forests, nutrient-rich peatlands, small watercourses and traditional farming and pasture areas. About half of the endangered species live in forests or peatlands.

Landscapes created by traditional forms of land use have decreased throughout this century. Traditional landscapes include both constructed traditional landscapes and traditional biotopes, such as meadows and forest pastures. According to the inventory of traditional landscapes made by the Finnish Environment Institute, the state of traditional biotopes in Finland is alarming. In many places meadows have completely disappeared and the number of forest pastures has also collapsed. Species living in cultural environments account for about a fifth of the endangered species, and they have declined as a result of the changes in agriculture.

In order to conserve biodiversity the legislation concerning e.g. nature conservation, forests, waters and building have been revised. Protection programmes approved by the Council of State and the proposal for the Natura 2000 network based on these form the basis for securing the conservation of biodiversity. The network of nature conservation areas has also been developed and an extensive financing programme has been introduced to implement of conservation programmes.

The Forest Act revised in 1997 establishes the particularly important forest habitats and restrictions on the use of these in order to promote biodiversity and the level of environmental management in managed forests. Based on the current estimates the important forest habitats cover less than one per cent of the total area of private forests in Finland. The important forest habitats listed in 1997 Forest Act will be surveyed and listed by 2002. Measures directed at the restoration of habitats will be intensified, and especially in densely populated areas the active management of the habitats of wild species receives particular emphasis.

Biodiversity in agriculture is measured at three different levels: the genetic level, level of species and ecosystem level. In agriculture biodiversity should be examined in relation to the produc-

tion animals and cultivated crops with their relevant environments, and in relation to natural species and their environment. The number of both cultivated and wild species has fallen in the past few decades. The decrease in the number of cultivated species is due to the uniformity of the farming practices and commercialisation of the production, while in the case of wild species the main reason for the decline is the decrease in the number of different kinds of ecosystems and deterioration in their quality.

The impact of agriculture on landscapes is due to the same factors than the decline in biodiversity: large uniform fields, standardised farming practices, extensive monoculture areas, decrease in land margins, etc., which have led to a decrease in the diversity of rural landscapes. Afforestation measures and overgrown uncultivated areas change the diverse farming landscape into monotonous cultivated forests or bushes.

Waste management

Recycling and other forms of utilization of waste are subject to intensive development. The main problems in Finland are the long transportation distances and inadequate collection network especially in sparsely populated areas. The recycling of household waste, especially organic waste and cardboard packages, has increased, while especially the collection of metal waste, energy waste and plastic waste is still deficient. Agriculture produces a considerable amount of plastic waste, such as the plastic used in stacks and sacks for e.g. fertilizers. Further development measures should also be directed at increasing the recycling of paper and cardboard as well as glass. The recycling of used building material should be organized in the rural areas as well. The cooperation between municipalities in waste management has increased considerably, which has made it possible to reduce the number of dumps.

The environmental problems related to waste management may affect the air, water or soil.

Other environmental damages may be due to the emissions from burning waste, littering, animals living in dumps and bad smell from biological waste treatment.

State of cultural environment

Management of cultural landscapes and environments is an essential part of the visible regional identity, history and interaction between man and nature, and it also contributes to the improvement in the employment situation. Cultural landscapes are important in terms of rural tourism, and they may attract entrepreneurial activity to the regions. Cultural landscapes and environments can also be developed, not only maintained in their present state. Diversified farming and forestry activities make it possible to preserve open and managed landscape areas. However, national and provincially significant cultural landscapes and environments are threatened by the rapid structural change in rural areas, depopulation and afforestation of arable areas.

A decision in principle of the Council of State sets the guidelines for the promotion of landscape managements in nationally valuable landscape areas, and according to this the main emphasis in the planning and development of landscape management measures is on these valuable areas.

The discussion on the role of afforestation in changing the landscapes has started only quite recently. Compared to the other parts of Europe, the share of open arable areas is very small in Finland, and thus afforestation has in most cases a negative impact on the rural landscape. The closing of the landscape is considered undesirable especially in extensive uniform arable areas, on roadsides and close to settlement areas.

The dilapidation of the abandoned building in rural areas is a threat in terms of the cultural landscape, but finding new uses for these offers development opportunities to rural industries

and the village communities. The buildings may be taken advantage of in tourism or used for various kinds of community activities.

International agreements and national programmes

As a member of the EU and UN Finland has made a commitment to further the objectives of sustainable development policy. This means that the ecological, social and economic sustainability must be harmonized in all public measures and decision-making. Finland participates in the implementation of about 200 international agreements concerning the environment, the most significant being the Rio agreement, Agenda 21, environmental programme of the EU, The Baltic Sea protection agreement and the UN skeleton agreement concerning climate change, the Kyoto protocol of this as well as the forest strategy of the EU. Programmes aiming at improving the state of the environment in Finland include the environmental programme until 2005 published by the Ministry of the Environment and other national target programmes, e.g. environmental programme for forestry ratified by the Ministry of Agriculture and Forestry and the Ministry of the Environment, agri-environmental programme, as well as decisions in principle of the Council of State *'Water Protection Objectives until 2005 and National Waste Management Plan until 2005* and strategies for *sustainable development, National Forest Programme 2010 and Programme for ecologically sustainable construction* approved by the Government in spring 1999.

Environmental development projects are often closely linked to the industrial projects currently under way in each region, and they may create value added in the development of companies and expansion of their activities. In the rural areas there are also needs concerning the development of the water supply of communities, waste management and cooperation between rural enterprises in the field of technology. New environmental technology may lead to more sustainable

solution in the environmental issues of agriculture as well.

Environmental impacts of the Horizontal and Regional Rural Development Plan

The Horizontal Plan includes a comprehensive analysis of the environmental problems related to agriculture and forestry. This analysis is associated to the measures included in the Horizontal Development Plan. Similarly, the Regional Rural Development Plan provides a description of the environmental problems, which are relevant to the activities covered by the plan. We present here a problem analysis of the Horizontal Rural Development Plan and indicate what kind of role the Regional Plan could have in relation to these problems.

The Horizontal Plan summarises the major environmental problems of agriculture as follows: eutrophication and acidification of watercourses. Agriculture is a significant source of pollution of watercourses, especially of pollution related to nitrogen and phosphorus. However, the development during recent years has been positive, partly thanks to the environmental programme of agriculture. Animal husbandry induces emissions to the atmosphere, especially ammonia, which leads to acidification of the soil and watercourses. The Regional Rural Development Plan does not include activities related to cultivation of plants or animal husbandry, these are included in the Horizontal Plan. The Regional Plan is associated with the next step, processing of the products from agricultural raw materials. Thus the Regional Plan does not have any direct impact on the environmental problems related to agriculture except for the possible positive impact of village development plans and conservation of cultural heritage on the rural landscape.

Nearly every Finnish farm has forests and forestry is an important source of income. The importance of forestry to the national economy is

great and the sustainable productivity of forest resource is a major aim of national policy. The tending of forests is systematic and forest ecosystems and forestry practices are subject to intensive research. However, there is a structural, cultural and technological change going on in the forestry sector. The ownership of forests has been rapidly urbanised, and at present more than 50 % of forests are owned by urban inhabitants. The mechanisation of the whole chain of forestry procedures has led to disappearance of many employment opportunities related to forestry in the rural areas. Forestry used to be an integral part of farm work during winter time and of great economic importance. Now the importance of forestry as a source of income and employment for farms has been decreased. At the same time forests are an important recreational area for around four million Finns. Almost 80 % of households pick berries and mushrooms for household use and conserve them for winter. There are around 800,000 hunters and 2 million persons who enjoy fishing in their leisure.

The Horizontal Plan summarises the major environmental problems related to forestry as follows: decreasing investments pose a threat to the well-being of the forests and to the landscape. The rapid decrease in the number of persons employed by forestry sector due to the development of forest technology increases unemployment and poses problems to the society. There is a need to increase wood-based energy use, because by using more wood for energy production, the well-being of the forests could be enhanced. This is due to the fact that wood used for energy production includes types of trees and shrubs (waste wood, coppice) which cannot be used by the industry and which should be removed from the forest to enable the rest of the trees to develop fully as well as to allow the use of forests for other activities related to recreational use and berry picking. The urbanisation of the forest owners poses problems as they are alienated from forestry practices and do not take sufficient care of the forests and their productivity. Also

reforestation can locally pose problems and the rural landscapes may vanish. The Regional Development Plan has forestry activity as one measure for rural development. The emphasis is on the processing of forest products, especially of wood. Much of the wood is now sold unprocessed and the aim of the Regional Plan is to enhance employment in the rural areas by concentrated effort on the development of wood-based small-scale industry. The other main activity in the forestry sector implemented by the Regional Rural Development Programme is support to the use of wood as energy source. Thus a positive impact on the well-being of forests is envisaged. It is to be kept in mind that forestry and processing forest products is the most significant industry in Finland and, compared to the resources available in the Regional Rural Development Plan, the investments for forests and their care are enormous. Forestry is one of the major economic activities in Finland and as it is economically remunerative is not generally in need of state support. Thus the efforts planned in the Regional Rural Development Plan are geared to these two specific activities, which have been underdeveloped compared to the existing opportunities and which could help to solve the livelihood problems prevalent in the rural areas.

The Horizontal Rural Development Plan and the Regional Rural Development Plan complement each other on the one hand. The Horizontal Plan aims at improving rural environment and sustaining biodiversity. It represents a major effort to seriously tackle environmental issues of the rural areas. On the other hand, the Regional Rural Development Program aims at improving sustainable livelihood in rural areas. Thus its actions are geared at enhancing the economic viability of agriculture, development of a diversified economic structure and creation of a socially sustainable rural environment. According to the principles of sustainable development, all activities having an impact on the environment are monitored to secure environmentally sound practices in programme implementation.

5.1.9. Knowledge and skills

In the rural areas the education level of the population is lower than in urban areas, and possibilities for study are also more limited. The employment of the young people and women as well as labour released from agriculture can be promoted by raising the level of knowledge and skills.

Maintaining the level of knowledge and skills is based on good basic skills and supporting the learning process. In rural areas especially the development of networks of polytechnics and vocational schools plays a key role in the development of skills at the provincial level. In addition to this the attractiveness of both vocational schools and high schools should be increased. In rural areas the schools and colleges are much more strongly integrated to the regional development work than in urban areas, where their main task is to provide basic education. The expertise concentrated to the schools and colleges has not yet been utilized in full in the development of the surrounding rural areas.

The network of universities and vocational colleges is tight, and the universities also have research institutes as well as centres for further education and development outside their actual locations. The University of Helsinki has rural research and education centres serving the area covered by the plan in Seinäjoki and Mikkeli as well as centres for further education in Siuntio, Lahti, Kotka and Kouvola. These are characterized by strong participation in the development of the provinces and regions.

Centres for supplementary education organize e.g. national education for rural developers and professional development/diploma education. The total number of students in the universities of the area concerned is more than 54,000. At the Rural Research and Education Centre of the University of Helsinki, which operates in Seinäjoki the number of students participating in sup-

plementary education was about 2,500 in 1998. There are polytechnics in all regions of the area of the plan, and there are polytechnics providing education in the field of natural resources at least in Uusimaa, Häme, Southern Ostrobothnia and Northern Ostrobothnia.

In addition to the main facilities in Jokioinen, the Agricultural Research Centre has regional research institutes e.g. in Hyvinkää, Ypäjä, Kanus, Ylistaro, Ruukki, Pälkäne and Mietoinen.

In the area of the plan there are ten regional centres of expertise, such as Foodwest Ltd. In the food sector in Seinäjoki. In addition to these, two national centres of expertise, one in the field of timber products in connection with the Puuinfo and one for the food sector, which operates in connection with Agropolis Ltd.

In almost all regions there are several consultative organizations, such as the Rural Centre, Forest Centre, Fishing Centre and centre for new enterprises. TE- Centres are located in the central cities or towns of almost all regions. The departments of education at the four county boards of the main counties support the organization of education, and the 4H organization plays an important role in the organization of training for the young people.

The dense network of civic and workers institutes is a highly important resource in terms of lifelong education. In addition to the learning as a leisure-time activity these may be utilized in training serving the new forms of entrepreneurship, and e.g. the foreign language studies traditionally included in the curriculum can be both a hobby and a precondition in the development of rural tourism.

Constant improvement of the know-how of the population is vital to secure an equal development of the regions and the availability of skilled labour that meets the needs of industries. In addition to the centres of expertise ratified by the

Council of State there are smaller concentrations of expertise in rural areas. Skills can also be developed through the extensive network of research and education institutes as well as by means of special strength of the rural areas such as the strong community spirit and club activities (village associations, farmers' associations, women's advisory organization for development of rural areas, Martha Organization, 4H, associations for art and crafts), traditional skills and arts and crafts.

The fall in the number of active forest owners and skilled forestry labour makes it necessary to increase the training and advising of forest owners as well as measures securing the availability of forest management services. All the people working in the field of forestry need new skills related to e.g. preservation of biodiversity, quality and environmental systems and forest certificates.

Expertise networks are important forms of future cooperation between the urban and rural areas. The universities, polytechnics and centres of expertise produce information that the enterprises operating in rural areas can utilize to improve their competitiveness. The advancing information and education technology forms the basis for high-quality learning networks. The special knowledge and skills for the development of rural industries and areas produced at the universities and polytechnics can be utilized by the enterprises and residents of the rural areas through information networks and education technology. Other fields for future cooperation are issues related to internationalisation as well as product development and innovation in general.

Cooperation offers new opportunities especially in the development of the SME sector and subcontracting, processing and direct sale of foodstuffs, production of services, environmental and energy projects as well as development of centres of expertise suitable for the rural areas.

The resources of knowledge and expertise are abundant in the area covered by the plan. *In the next few years the focal areas are complementing the networks, increase in the fields requiring of special skills and strengthening the new working methods - centres of expertise, concentration of expertise, product development units and multi-service centres.*

5.1.10. Equality

According to the equality barometer (1998), a clear majority of the Finnish men and women consider that the social position of women is weaker than that of men. In the current programme period for Objectives 5b and 6 equality has been taken into account by targeting certain measures specifically to women. However, all parts of the programmes contain measures and financing possibilities that particularly well suited for women. In the priorities of programmes the share of projects for women is low. Such projects have in general been considered feasible and well designed, but they are usually smaller than average in scale, which may be one reason for their rejection. The most important obstacle to equality is the invisibility of the problem and too rigid division between the sectors so that each field of administration implements their programmes in its own way. Projects implemented based on the permeability principle, such as equality between the sexes, suffer from this.

Women are actively involved in the rural development programmes and various kinds of projects. For example, in LEADER II community initiative certain priorities are particularly directed to women. Instead, single men living either alone or with their parents have largely been forgotten, and in the future improving their living conditions should receive more emphasis to prevent their isolation. The promotion of equal opportunities also concerns certain new population groups, such as ethnic minorities.

In international comparison the position of women working in agriculture is quite strong. There is an essential difference in the concept of agricultural entrepreneur between central and Southern Europe and Finland. In the other EU countries farms have only one entrepreneur, usually male, and the spouse is traditionally either a housewife or, more recently, works outside the farm. Farms are usually owned by men, and even if the spouses participate in the farm work they are still considered subsidiary employees, not entrepreneurs. In Finland both spouses have traditionally participated in the farm work, and both have been considered independent entrepreneurs. On livestock farms women have usually taken care of the animals, while men have been working on the fields. After the equal distribution of income was approved in taxation for the part of arable farming work, too, there is hardly any difference in the distribution of income between men and women. One reason for this has also been the progressive taxation.

Equality between the sexes is one of the important focal areas in the coming structural fund period. Through these funds efforts are being made to abolish inequality and promote equality between men and women. A balanced development of the population requires the increasing of job opportunities for women in rural areas. Various kinds of EU measures will be introduced in order to promote the realization of equality as well as to evaluate the effects of the measures from the perspective of equality through systematic monitoring. In Finland a method has been developed to assess the realization of issues related to equality at the different stages of the programme work.

5.1.11. Rural communality and welfare

There are regions with both high and low development potential in rural areas. Efforts have been made to reduce the differences between the regions by means of administrative and regional development measures, and agricultural policy

has been used to deal with the matters of the agricultural population. However, this is not the only way the rural development can be constructed, but the rural regions are strongly characterized by the operation of communities of different sizes. In recent years considerable changes have occurred in this respect. Increased efficiency of communication, specialization of jobs, improved transportation systems, raise of the education level and internationalisation have detached people from their near environments, and a number of tasks that used to provide income to the rural people have moved to population centres. This has increased the share of people from rural areas employed in population centres of at least 500 people, which was, on average, as high as 46% in 1996. Even if there are considerable regional differences in this, those commuting to population centres is the largest population group in all rural areas.

In the past all jobs of the rural communities, including processing and distribution, used to be located in the rural villages, but now only the very beginning of the production chain is left in the countryside. At the same time the population of the rural municipalities has fallen rapidly. The expectations of the young people concerning their future have become specialized and individualized, and this has reduced the potential of the rural regions to operate as communities. For economic and technical reasons the public services have also been cut in the rural areas.

Rural people concern their future uncertain and search for new forms of civil action to strengthen their near communities. Communality can be reinforced by organizing civil actions into village committees or local action groups with economic responsibility. The total number of village or resident committees in Finland is about 3,100, and an increasing share of these, already about 1,000, have been registered into associations. Which makes them capable of economic activity. The number of local action group joining the municipalities, state administration, associa-

tions, enterprises and active citizens is 60. Most of both these and the village committees are located in the area covered by the development plan.

Recent studies concerning the spiritual and social welfare of the Finnish countryside show that the people are very worried about the future of the rural areas. They see the disappearance or decline in the private and public services, and this combined with the falling number of farms and jobs creates pessimism. On the other hand, the Regional Plans and programmes of local action groups express very high self-esteem, which forms a solid basis for the development work.

Changes in the welfare services and income transfer systems affect the rural areas and especially the weakest regions much more than more highly developed regions. In rural municipalities the tax revenue per inhabitant is below the average and the share of the old people is higher, and these or some of the reasons why the need for services and the cost per inhabitant are higher than in urban municipalities. The development of the economic relationship between the state and municipalities is decisive in maintaining the level of services in rural areas.

Various kinds of arrangements have been introduced to secure the services in rural areas, but new experiments are still needed. During the 1990s development work has been directed at multi-service centres, mobile services, services based on telematics, combinations of jobs in the service sector as well as utilization of the own initiative of citizens, service entrepreneurship and the role of villages in the design and implementation of services. The forms of services are changing and the number of units offering the services is decreasing and thus one important task of the rural policy is to contribute to the reorganization of services in order to guarantee their availability to the rural residents. The role of cooperation between the public sector, enterprises and various kinds of organizations in the production

of services in gaining more and more significance.

Living in the rural areas as such is an important welfare indicator, because this makes it possible to increase jobs e.g. in the field of culture, as can be seen in certain projects undertaken by the action groups and village committees. In the regional development plan communality is reinforced by relying on the village and resident committees and local action groups as operators. Services and culture are expected to be the sources of new job opportunities.

5.2. Impacts of the previous programming period

Quantified results of the programming period 1995-1999

During the previous programming period development activity resembling the measures included in the Regional Rural Development Plan were mainly undertaken through **Objective 5b**. However, the area covered by the plan is larger than the current area of Objective 5b. Complementary development work in the area of the plan has been done in 12 LEADER II groups.

Annex 9 presents the realization of the quantified objectives in the area of Objective 5b.

Priority 2 of Objective 5b, diversification of primary production, aimed at developing the rural areas through the development of primary production and entrepreneurial activities in rural regions. According to the mid term evaluation support was specifically directed to measures influencing the number of farms (48,000 active farms), which is a general objective of the programme and targeted directly at priority 2. The objective was also to change the production line on 4,000 farms. The measures of priority 2 also contributed to the achievement of the objectives concerning new jobs, reduction of unemployment and, ultimately, reducing the regional disparities in the development.

The results of the priority are monitored by means of the project register of the Ministry of Agriculture and Forestry, including monitoring data on the projects compiled by rural departments TE- Centres. By the end of 1999 altogether 6,323 projects had been approved, and the share of financing to projects concerning enterprises was 37%.

The objective for priority 2 set in the programming document was the creation or preservation of 7,000 jobs. According to the data on the projects, by 31 December 1999 the number of new jobs created by means of the measures was 3,485. For the part of the preserved jobs the monitoring data clearly overestimate the impact of Objective 5b when the reduction in the number of jobs during the period in question is taken into account.

Another important result objective of priority 2 was the introduction of new entrepreneurial activity on 3,000 farms. By 31 December 1999 1,147 subsidiary enterprises had been set up on farms and 772 other enterprises had been started, i.e. the total number of new enterprises was 1,919. The objective is not likely to be reached, even if the establishment of companies has increased towards the end of the programming period. Especially during 1999 a large number of financing applications were submitted, but the financial framework of many regions did not allow the financing of all enterprise projects. Some of these projects will be included in the Regional Rural Development Plan.

Another objective of priority 2 was to increase the number of product development units by 60 units. This objective has been exceeded, as the number of product development units included in the project register during the programming period is 145.

The priority is expected to lead to the implementation of altogether 220 computer technology, research and development projects. The number

of projects based directly on the utilization of information technology is 78, and most of these concern increasing the utilization of computers in rural areas. In addition to these, many other projects also include sections concerning the use of computers and consequently the examination of the above mentioned figure doesn't give a real picture of the situation.

The fifth objective of the priority was 1,200 persons to participate in training. The estimate for the number of people trained was much too low as according to the monitoring in total 75,063 people participated in training through the priority (by 31 December 1999). This includes all the people in different projects. The large number of the people trained can be explained through the type of the projects financed in the programme. The projects consisted of general development in different fields and in these results are almost always aimed to be achieved through improving the level of skills. Training has mainly been realized as courses taking 1-5 days. The number of people participating in such short training periods is not fully comparable with the systematic training envisaged when the objective was set.

During the current programming period (by 6 September 1999) support to farms in the area of the plan from **Objective 5a** has been granted to about 660 investments in agriculture, starting up of 1,700 farms, and as bookkeeping subsidies to about 900 farms. The total amount of subsidies is FIM 298 million and that of interest-rate subsidy loans FIM 314 million. EU funds have mainly been used only for investments in the building of dairy production buildings, while all other agricultural investments have been financed from the national funds. In this period of time national investment support has been granted almost FIM 1 billion and more than FIM 3 billion has been granted as interest-rate subsidy loans.

Compared to the very slow investments activity during the years just before and after the EU

membership the number of agricultural investments in the last three years of the programming period has been considerable. The production conditions of agriculture have been improved and the structure has been developed in a significant way. However, the need for investments has not been satisfied, because the rapid structural change constantly calls for new investments.

The Objective 5a for Finland aims at improving the efficiency of food enterprises by **supporting the processing and marketing** and, through this, securing the preconditions of agricultural production, which supplies the food sector with raw materials. Considering the objective, the support has been well targeted, and the support has made it possible to realize the project on a larger scale.

The effects of the support in the food processing industry focus quite strongly on the improvement of the environmental and hygienic conditions. The meat sector has managed to replace the outdated production lines with new ones and to promote the organization of the production to fewer units. In the dairy sector the effects focus on meeting the hygiene requirements and the related environmental stipulations, because there has been no support available for other purposes.

The programme concerning support to processing and marketing in Finland does not include any employment objectives outside the area of Objective 6. However, in the evaluation the employment objectives were examined for the whole country. According to the view of the companies the supported projects led to the creation of 1-3 new jobs per company, altogether about 200 by the end of 1997. Most of the new jobs were in the meat sector.

The objective of **LEADER II programme** for Objective 5b area is to create 1,500 new jobs and contribute to the establishment of 300 new enterprises. In 1995-1999 this programme has been financed from the EAGGF, ERDF and ESF, and thus it is difficult to assess the results

achieved by means of the measures funded from the EAGGF only.

By the end of 1999 LEADER II programme for Objective 5b areas had contributed to the creation of 555 full-time and 985 part-time jobs, and, in addition to these, 614 jobs have been preserved. The number of created new enterprises is 176. Projects funded from the EAGGF can be assumed to have influenced the preservation of jobs more than projects funded from ERDF, while for the part of new jobs the role of the ERDF may be greater. Both funds are likely to have made a roughly equal contribution to the establishment of new companies.

The administration of local action groups has mainly been financed from the EAGGF. Among the most significant results of LEADER have been the increased activity of the local inhabitants and encouraging them to participate in the development of the rural areas as well as the increase in the cooperation and networking at the different levels. The improvement in the local activity has mainly been realized through the funds intended for the administration of local action groups. In Finland there has also been a national LEADER network unit funded from the EAGGF, aiming at encouraging the networking of local action groups.

Since autumn 1997 22 nationally funded POMO (Paikallisen omaehtoisten maaseutuohjelma, Rural Programme for Local Initiative) groups have operated in the area covered by the Regional Rural Development Plan. These have contributed to the achievement of results in the group work of activities, even if the total funding of the POMO programme is much smaller than that of LEADER II and there is no corporate funding involved.

Evaluation of the programming process

Increase in the activity in general is one of the results of the programme policy recorded unani-

mously by the rural departments of the Employment and Economic Development Centres. This can be seen in the training and cooperation, which have both reached a completely new scale compared to the earlier years as a result of the programme policy. Increase in the activity extends to all levels: internationalisation, operations across the borders of regions and activities at the village level. At the same time *the faith in the rural areas as places of work and residence and their development potential has increased considerably.*

Programme analyses emphasize *the networks of projects*, resulting from the cooperation and networking of the people and parties involved in the development work. Overlapping can also be observed. A development project influencing several enterprises encourages the investments at individual firms, and the rural community initiative LEADER complements Objective 5b by means of projects based on the local initiative.

One important observation reflecting the progress of the programme policy concerns the efforts of many regions *to introduce work programmes, focal areas or umbrella projects*. Rural tourism, timber product industry, SMEs in the field of food production, remote work or development of villages have gained pace as a result of the increased cooperation between the companies and units operating in the field. There is no single unproblematic method of action, but as shown by the evaluation of the work programme in Southern Ostrobothnia (Leppänen et al. 1999), but coordination improves the results based on information and cooperation.

Based on the experiences and results of the current programming period it can be assumed that even better results will be reached in the following period. Many people responsible for the implementation of the projects have gained experience in coping with difficult situations, and thus the careful planning and very positive expecta-

tions for the following programming period are well justified.

As a single very significant experience the regions and groups involved emphasize *the new way of action in the programme policy*. Together with incompleteness in the administration the new way of action has impeded the progress of the programme work to some extent.

The evaluation of both the problems and results shows *that the lack of a clear rural strategy* has been the most serious problem in Objective 5b. Towards the end of the period the parties involved have finally reached a full realization of the fact that a successful programme policy requires a good programme! This also involves some concern related to *the dominating role of experts*. In this respect the local action groups played a central role in getting new people and groups involved in the programme and project work.

The inability of the central administration to deal with the EU is reflected *in the fragmentation of the programme areas*. Finland could not find a political unanimity in terms of the distribution of areas between the programmes based on the sub-regions. This led to the application of distribution based on municipalities, which has later on been considered an obstacle in the arrangement of projects in the programme policy.

The programme policy includes the possibility of citizens to benefit from this. However, the experiences from the first four years also indicate that the activity has become accumulated, the people in charge have become tired, it has been difficult to get new entrepreneurs involved, and certain areas and population groups have been completely excluded from the development work through the programme policy. The high demands set by the way of action was obviously a surprise, and the traditional ways of action and structures of the society were not flexible enough to accommodate the programme work.

The EU programmes increased the funds available for the development work, but the rules of the game also led to new economic problems due to e.g. *the weak ability of the municipalities to participate in the financing of the projects, complexity of the stipulations of the European Social Fund and the shortage of national development funds for example in the so-called 0 and 2 regions*. None of the problems listed above is a core issue in the economy of the programmes, but all of them impede the progress in a significant way.

The programme policy emphasized the sub-region as the most natural operating environment for the projects. Even if the regional cooperation of municipalities was by no means a new issue in the beginning of the programme period, the multiplication of the programme and project activities through both Objective 5b and local action groups increased the need for cooperation manifold in a very short time. This was something new, and in many places *there were serious problems in the sub-regional cooperation*. However, by now the situation has improved considerably.

6. DESCRIPTION OF THE STRATEGY PROPOSED, ITS QUANTIFIED OBJECTIVES, PRIORITIES SELECTED AND GEOGRAPHICAL AREA COVERED

6.1. Strategy, objectives and priorities selected

6.1.1. SWOT analysis

A summary of the strengths, weaknesses, opportunities and threats:

| | |
|--|--|
| <p>Strengths:</p> <ul style="list-style-type: none"> - advisory and training organizations - skills in agricultural production - centres of skills within the region - local development work based on own initiative - differences between rural regions - local culture | <p>Weaknesses:</p> <ul style="list-style-type: none"> - loss of population in remote rural areas - shortage of labour opportunities especially in remote rural areas - undeveloped entrepreneurship and co-operation culture |
| <p>Opportunities:</p> <ul style="list-style-type: none"> - pluriactivity - interaction between rural regions and population centres - nature in rural and archipelago areas - low population density and abundant nature on the European scale - natural resources, especially forests and watercourses - distance work and part-time residence - characteristic and clean environment | <p>Threats</p> <ul style="list-style-type: none"> - loss of faith in the future - decline in services in core and remote rural areas - deterioration of the state of the environment, inter alia risk of pollution across state borders - concentration of economy both within the area covered by the plan and internationally |

The table summarizes the core elements of the extensive SWOT analysis is condensed. The elements of the analysis are described more in detail in the following.

Utilization of strengths

There is a dense network of schools and colleges in the region, and there are also a lot of advisory organisations. These constitute an obvious strength as existing resources. What is needed is reallocation of the resources, as in educational institutions the main emphasis has been on teaching. At the same time, however, the teachers have acquired the most recent knowledge on their fields, which should be utilised in all development

work. This has already been started, and especially vocational colleges are directing research and development services to the regional industries. The skills of the local residents and entrepreneurs are improved by intensified and more carefully targeted advising and training according to the new needs and opportunities. Centres of expertise and enterprise hatcheries kind of activities are developed in connection with the different kinds of schools and colleges in order to make the current information needed in teaching readily available for the development of existing companies. The distribution of tasks between the schools and colleges and counselling organizations is clarified so that both can make a contribution to the development projects by their own core skills.

Skills in basic agriculture and clean environment listed as an opportunity form the basis for high-quality production, where agricultural production is linked to the quality chain of the whole food industry by means of quality systems and certification. The cleanliness and the manner of production can be shown to the consumers through quality systems. The strong production skills in the whole Finnish agriculture make it possible to make agricultural products and production practices different. Examples of this include organic production, non-food production, crop production based on the utilization of all parts of the plants, etc.

In the area covered by the plan there is a number of centres of agricultural production with strong special skills in certain production lines. These include the vegetable production in Satakunta, greenhouse production in Pohjanmaa and egg production in Varsinais-Suomi. Due to the high skills of the producers these regions produce high-quality raw material to the processing industry, also using the modern cultivation and livestock production methods. The processing firms may in turn direct the processing according to the future consumer demand on the differentiating market. Examples of this include the preserves made from organic vegetables as well as healthy eggs and products made from these.

Development work cannot be started without active participation of the local residents. During the previous programming period development work based on the local initiative got a good start, and thus the mode of action exists. This is an important strength in the Finnish rural areas, which should be further reinforced. By reinforcing the development work based on local initiative and through village activity, a strong, active village network and local action groups the rural residents take an active part in the development and preservation of their own environments. Rural areas need a better organization of all the people living in them, and a basis consisting of certain population groups only is insufficient.

Local culture and identity are the prerequisites for development work based on the local initiative, and thus special attention should be directed at reinforcing this particular strength. Measures maintaining and developing the rural culture create a positive atmosphere to villages and help to prevent the threat of mental paralysis. Development measures based on the communities create a favourable atmosphere for entrepreneurship, which is a precondition for the expansion of the industrial basis through diversification of the enterprise and production activities.

Local culture is one aspect of the differences within the rural regions covered by the plan, and the nature and natural resources constitute another aspect of the differences. For example, some parts of the area are characterised by the large number of watercourses, some by extensive arable areas and farming landscape. The culture and ways of life have assumed their present form partly due to the different kinds of natural elements. The development of rural industries should start from efficient utilization of the differences in the rural regions in all measures included in this plan.

Preventing weaknesses

The most serious weakness, and partly also a threat, in regions classified as remote and core rural regions is the declining population. However, in this plan the decrease in the population has to be seen as a weakness for which improvement is specifically searched for through the measures of this plan. Population loss is caused by a result of the decrease in both the job opportunities and services. Putting an end to these trends requires new kind of production of goods and services that finds demand outside the rural areas, preferably from abroad. At the same time the money flows outside the rural areas should be controlled by replacing goods and services coming from other areas by local production. Good examples of new kind of self-sufficiency

are energy production and building based on renewable natural resources, mainly wood.

Entrepreneurship and cooperation culture are vital elements in the efforts to improve the competitiveness of the industrial activities in rural areas. In many fields combining the flexibility and efficiency of small-scale and family enterprises with networking may result in production activity that is capable of competing with large companies. Gaining access to the international market requires large units, and thus this calls for even more extensive cooperation.

Cooperation between farms is also the best way of reducing the high production costs due to the small production units in agriculture. Ultimately this may even lead to various kinds of coalitions, such as joint livestock production units or machinery banks or circles. Efforts are being made to encourage cooperation between several farms through investments in agriculture. The only way to strengthen the cooperation culture is by giving priority to the ways of action encouraging cooperation in all development work.

Utilization of opportunities

Finnish farms have traditionally been engaged in various activities (pluriactivity). Forestry used to provide a significant share of employment and livelihood, in addition to arable farming and animal husbandry. 50 years ago fishing and hunting were still highly significant for the livelihood of farmers in part of the area covered by the plan, and on many farmers family members have worked outside the farm. Earlier it was typically men who took paid jobs, usually in forestry or building sectors.

The expansion of the welfare state improved the job opportunities for women in the care and service sectors. Diversified skills are still an important strength in the rural regions. As a result of free-time activities and the way of life the skills in fishing and hunting have survived, and this can be

utilised to an increasing extent in the production of tourism and recreational services. Professional skills in the field of care services are needed in the reorganisation of these services in villages. The tradition of pluriactivity also makes it possible to introduce new rural occupations that are based on various skills. This is vital, because the changes of seasons make it impossible to practice agriculture round the year in Finland.

Almost all population centres in Finland are located within the area covered by the Regional Rural Development Plan, but the area also includes regions where there are no significant population centres anywhere near. The possibilities to utilise the interaction between the rural regions and centres are still much better than in the Objective 1 area. Utilization of the interaction between the rural areas and population centres makes it possible to increase subcontracting and partial delivery in the production and commuting to the population centres for work, as well as to find markets for food products produced in a small scale and leisure and recreational services (horse raising, tourism and recreation services based on wildlife, leisure fishing, etc.).

The natural resources, landscape and nature in the Finnish rural areas combined with the internationally high level of knowledge and skills provide excellent opportunities for internationally competitive production. The success in this requires efficient transfer of skills from the top researchers to the micro-level companies e.g. through the above-mentioned improvement in the education and advisory network. Internationally competitive products include highly processed timber products, processed wild berries and mushrooms, foodstuffs processed from organic agricultural and special crop products benefiting from the pure environment and Finnish climate as well as tourism and other recreational services. The exotic, arctic nature, differences between the seasons and images related to the unique nature of Finland should be taken advantage of in all international marketing.

Because of the special characteristics and cleanliness, the rural regions are becoming more and more attractive residential environments. Well-managed countryside also attracts new residents, who may bring along new entrepreneurial activities, or self-employed people capable of distance work. Studies show that young couples who have recently completed their studies and families with children are interested in returning to their native place or rural areas surrounding the population centres if these are attractive enough as places to raise the children and offer adequate employment opportunities. Highly developed communications infrastructure and networking reduce the significance of the place of residence so that if rural areas are considered more attractive than population centres as places of residence, people's work can move along with them. An increasing share of work is not tied to any particular time or place, and thus more and more holiday homes can be expected to become places of part-time residence as well as working places. This means that the locations that used to be places of leisure only turn into places of work.

Preparing for threats

The most serious threat is that changing the direction of the development is too slow, which will lead to loss of faith in the future. If the direction of the current trends cannot be changed through the development measures, the atmosphere favourable for development may disappear and people living in the rural areas may start losing their faith in the future. What is needed is development work at the level of communities with the primary objective of strengthening the potential of the rural residents to take action on their own initiative. The creation of a positive and unprejudiced atmosphere to rural entrepreneurship and residence should receive increasing emphasis, and finding new solutions for the production of welfare services (e.g. cooperation between municipalities, volunteer associations and entrepreneurs) is also decisive in

terms of maintaining the faith in the future and the preconditions for local actions.

The attitude of the society in general towards the countryside, people living in it and goods produced in rural regions, involving both tangible and intangible values are also highly important. In this development strategy the customer perspective is taken in a wide sense. Selling the goods and services is not enough, but the production practices must also be ecologically, ethically and socially sustainable so that the Finnish countryside and its products are reliable and competitive in the view of the Finnish consumers.

More attention should be directed at the preservation of both the constructed and natural environments, because this is what the strength of the rural regions both as places of residence and in terms of the production of goods and services to the society in general is based on. Environmental management is declining rapidly due to the lack of resources on farms, in companies and in municipalities and due to cuts in the public funding. The reduction of agricultural production has led to lack of management or afforestation of many farming areas. In many places the landscape can no longer be maintained as part of the regular farming and forestry activities, but special actions are needed. In the agriculture this could mean e.g. particular emphasis on livestock production based on extensive pasturing or search for new job opportunities, in addition to the combination of employment and landscape management activities, also through the combination of other different kinds of work in the rural areas.

The reduction or even disappearance of services is another important factor affecting the attractiveness of the rural areas. If the basic services cannot be secured, there will be no new residents and the old ones are also threatened.

Eutrophication of watercourses, leading to e.g. problems with blue-green algae, and contamination of groundwater are environmental threats

that may at their worst destroy most of the pre-conditions for industrial activities in rural areas. Special attention should be directed at the reduction of the load on watercourses in agriculture, as well as in the building on the shores, drainage and manufacturing industries. Measures are also needed to secure the availability of high-quality groundwater. Contamination of the environment is a threat that may also be manifested as factors ruining the environment that come from outside the state borders.

The title 'centralization of economy' refers to threats manifested as the logic of scale and transfer of the decision-making further and further, even across the state borders. Concentration is a threat both within the regions and in the whole country.

In agriculture the threat of centralization can be seen in the negative changes in the agricultural policy of the EU from the Finnish perspective unless we are capable of defending the European model of agriculture adequately e.g. in the WTO negotiations. In forestry the threat can be seen in the centralization of wood processing industry and transfer of ownership to foreign parties. Large companies have no national interest to go on processing Finnish timber in Finland. First some of the mass production moves elsewhere, which reduces the demand for timber and lowers the prices. The decrease in the need for timber in the mass industry also weakens the profitability of mechanical wood processing industry if there is no market for the by-products from sawmills.

The internal concentration in Finland and within the region covered by the plan is a threat for rural regions in a number of ways. One example of this is the communications and information technology. As a factor promoting decentralization information technology is a strength and opportunity, too much centralization weakens the opportunities of rural areas compared to the population centres. Especially in Objective 1

area in Finland, but also in the area covered by the Regional Rural Development Plan, there is a large number of sparsely populated areas where companies operating according to pure business principles would not be prepared to construct advanced communication networks. This threat also means that a large share of the dissemination of skills and information through data networks may be lost, and it may not be possible to decentralise the jobs in information sectors.

Preventing the threat of centralization requires strengthening the local economies and diversification of the industrial activities, i.e. sources of income that are less dependent on the global and EU food market and wood processing of a low degree.

6.1.2. Strategy and objectives of the programme

Based on the analysis presented above, three strategic factors can be summarized, which according to the penetration principle must be taken into account in all measures of the development plan: **cooperation and strengthening of cooperation culture, consumer values and environmental issues, and strengthening entrepreneurship and expertise.**

The objective of the plan is to stop the decrease in the population of the remote and core rural areas and, through this, to achieve a balanced population development and structure in the area covered by the plan (*population objective*). Further objectives and partly ways of action include maintaining the rural village as attractive places of residence, work and entrepreneurship (*residence objective*), diversification of the industrial structure to correspond to the demand, increasing the possibilities for entrepreneurial activity and employment as well as strengthening the economic basis of farms (*employment and industry objective*), and extensive development of the knowledge and skills, which supports the achievement of the other objectives (*strengthening of expertise objective*), as well as

support to pro-environmental measures (*environmental objective*).

Balanced development of the population

Balanced population structure requires increasing the attractiveness of both the centres of the regions compared to the main population centres and that of the rural villages and improving the employment opportunities of especially the young and women.

Thriving residential environment

The development of rural areas must be based on activating community development and faith in the future, where people are encouraged to assume the responsibility for the improvement of their own environments and the attractiveness of these as places of residence. Improving the pre-conditions and attractiveness of rural villages as places of residence involves three penetration principles: strengthening the cooperation culture, value of rural areas in view of the society as a whole and preservation of the environment.

Development and diversification of entrepreneurial activity

Rural enterprises must to an increasing extent search for markets abroad, and thus new entrepreneurial activity must be based on such strengths of the Finnish countryside that can be considered strengths on the international scale, too. These obviously include forests and timber resources, watercourses, landscape, open rural environments with low population density and pure nature.

In the coming programme period a considerable number of new jobs in rural areas can be created by increasing the use of timber as source of energy and by developing the production chains and networks of the timber product industry. Important focal areas in the implementation of the plan include the acquisition of market informa-

tion and processing this into the development of customized products, planning of efficient and economically feasible production chains from the acquisition of suitable timber raw material to the finished products, and securing and dissemination of the skills required throughout the production chain.

The environment, nature of the rural and archipelago regions as well as cultural values can be utilized through diversified development of tourism and recreational services. Meeting and congress tourism following the principles of sustainable development, rehabilitation and bathing establishments, adventure as well as cultural and sports tourism can be efficiently developed in cooperation between urban areas and the surrounding countryside, and it increases the income in both. Rural tourism is a natural way of increasing the interaction between the rural and urban residents, and foreign customers increase internationalisation.

Preservation of the economic basis of farms requires measures securing the competitiveness of agriculture and forestry as well as expansion of the income basis of farms through diversification of the entrepreneurial activities. Reducing the costs is essential in terms of the competitiveness of agriculture, and the most rapid way of cutting the fixed costs is by increasing cooperation between farms. The programme encourages the farms to start different kinds of cooperation in the use of machinery, production (e.g. joint livestock units, tightening of cooperation between livestock and crop farms, cooperation in storage and handling of the crop, etc.) and sales and marketing as well as the development of other farm management services.

Expertise and information networks

Increasing the expertise is one of the most important means of the development work. This is a challenge to developers, trainers, project leaders and authorities as well as their customers, the

rural residents. Successful business activities can be achieved only by combining the resources and opportunities with expertise. Life-long learning is an essential element also in the rural areas in the future. The system for improving expertise exists, but its utilization to the maximum requires both work and insight. The regional strategies for improving expertise can be the most efficiently implemented in cooperation with the research, training and advisory organizations.

The cooperation and distribution of labour between the schools and colleges in the field of natural resources are being developed in order to improve the quality of the training and the results. The new rural occupations also call for new trainers. By flexible combinations of the lines of study and departments the polytechnics and intermediate schools are capable of offering vocational and supplementary training for the pluriactive rural occupations as well. For example, art and crafts industries may bring additional income to farmers, and thus it should be possible to combine e.g. skills in design with education concerning natural resources. More efficient utilization of the skills available at the schools and colleges also requires close cooperation between the intermediate level education and polytechnics.

Finland is a pioneer in the field of teleinformatics. In the development of the data communications and their tariff policy it should be made sure that there are equal possibilities for the use of advanced data communications in all parts of the country, independent of the place of residence. The need for efficient data communications is the most obvious in the remote or part-time work in the rural areas, but advanced communications infrastructure is also a necessary condition for the development of all new entrepreneurial activity based on networking. Technology alone is not enough, but the full utilization of the new communication culture also requires training in the new way of action.

Environment

Most of the measures influencing the state of the environment are financed through the Horizontal Rural Development Programme, but regional programme measures may also be used to promote the positive development of the state of the environment. Increased use of timber as energy source may replace oil as an energy source and projects promoting organic production and processing of raw materials encourage the introduction of less harmful production practices and improve the availability of clean foodstuffs. The introduction of quality systems for farms and enterprises increases the awareness of environmental factors in the whole production chain both in agriculture and forestry produces and other small enterprises. Projects directed at landscape management and protection of cultural heritage make a positive contribution in terms of both pleasant residential environments and environmental values. Single enterprise projects may also be pro-environmental, for example, investments may encourage the introduction of technology that saves the environment and development measures support the development and introduction of ecological production practices.

Due to the nature of the measures of the Regional Rural Development Plan, the most appropriate impact indicator for the environmental objective is the share of pro-environmental projects in the total number of projects to be financed. The target level for this indicator is set at 20%.

Quantified objectives and impact indicators:

1) Population

The objective is to slow down the decrease in the population of remote and core rural areas.

2) Distribution of gender

The gender structure of the population in remote and core rural areas comes closer to the average in the whole country.

3) Age distribution of the population

The age structure of the population in remote and core rural areas does not continue to weaken.

4) Employment

In relative terms the employment of remote and core rural areas improves at the same pace as in the whole country. The programme contributes to the creation of 10,000 new jobs.

5) Environment

The share of pro-environmental projects in the total number of projects will be 20%.

Monitoring of the quantified objectives and impact indicators will be based on the new classification of rural regions.

Result indicators

Balanced development of the population

Result indicators are presented in connection with Priority 3.

Thriving rural habitations

Result indicators are presented in connection with Priority 3.

Development and diversification of entrepreneurial activity

Result indicators are presented in connection with Priorities 1 and 2.

Environment

Result indicators are presented in connection with Priorities 1, 2 and 3.

Initial level for the development and the most important result indicators are summarized in the following table:

| Indicator | | Base level | | Objective |
|--|----------------------|------------|--------|------------------|
| Gender balance | women | 45 % | women | 50 % |
| Population | - remote rural areas | (1995-98) | -4,7 % | (2000-2006) -5,0 |
| | core rural areas | | -2,6 % | -3,0 |
| Demographic ratio | | 0,6 | | 0,6 |
| Unemployment rate | - remote rural areas | 16,4 % | | 14,8 % |
| | core rural areas | 13,5 % | | 12,0 % |
| Share of pro-environmental projects in all financed projects | | | | 20 % |

6.1.3. Priorities selected

PRIORITY 1: DEVELOPMENT OF AGRICULTURE AND FORESTRY

Objectives:

Efforts are made to secure the competitiveness of agriculture and forestry by encouraging farmers to cooperation in order to reduce the production costs as well as by improving the quality, production, environmental and entrepreneurial skills of farmers. The objective is to maintain the preconditions for profitable part-time or full-time farming on as many farms as possible, promote and diversify the sustainable use of forest resources, improve the management of forest environments as well as to maintain the biodiversity of forests.

Result indicators (results):

- new and reorganized jobs (obtained from output indicators)
- share of fixed costs in the turnover of farms (special account)
- profitability of farms (special account)
- promoting sustainable use of forest resources (estimate)

Measures:

- a. Investment in agricultural holdings (processing and marketing of agricultural products)
- c. Training
- i. Other forestry measures (forest improvement and development projects)
- l. Setting up of farm relief and farm management services

Output indicators (outputs) of each measure are listed in Annex 11.

PRIORITY 2: DIVERSIFICATION OF RURAL INDUSTRIES

Objectives:

The objective is to develop and diversify entrepreneurial activities in agriculture and forestry and adjacent sectors by improving the competitiveness, skills and cooperation in the existing enterprises as well as by creating opportunities for new entrepreneurial activity e.g. by increasing the interaction between the urban and rural areas. Focal areas include entrepreneurship in the field of wood processing, domestic energy production, food processing (excluding investments of improving processing and marketing of Annex I -products), partial delivery and sub-contracting as well as tourism and recreational services.

In the implementation of the priorities e.g. theme programmes for the different sectors may be used (an example of an implementation model is given in Annex 10)

Result indicators (results):

- new and revised jobs in remote and core rural areas (from output indicators)
- jobs in different sector in remote and core rural areas (Statistics Finland)
- development of entrepreneurial activity (barometer)
- amount of oil replaced by the production of wood energy (from output indicators or special accounts)
- growth of value added in wood product sector (special account)
- degree of use of accommodation facilities in rural tourism (national statistics)
- users of programme services in rural tourism (number)
- coverage of quality systems (percentage share of rural small-scale enterprises with a quality system)

Measures:

- a.** Investment in agricultural holdings (diversification)
- i.** Other forestry measures (entrepreneurial activity related to acquisition of wood for energy and use of wood energy, mechanical wood processing)
- p.** Diversification of agricultural activities and activities close to agriculture to provide multiple activities or alternative income
- s.** Encouragement for tourism and craft activities

Output indicators (outputs) of each measure are listed in Annex 11.

PRIORITY 3: DEVELOPMENT OF RURAL COMMUNITIES

Objectives:

The objective is to develop rural village both as operating environments of enterprises and as places of work and residence of the rural people by taking care of the environment and nature as well as by improving the welfare and cultural services. This priority encourages to development work based on the local needs and initiative, creation of a favourable atmosphere for entrepreneurship, diversification of the industrial structure and reorganization of services. The most important aspects of this are:

- development of villages as places of permanent and part-time residence
- encouraging migration to rural areas
- promotion of mental welfare
- development of free-time activities for the children and young people
- maintenance of cultural environments and activities, landscape management
- development of service industries, including multi-service centres, telematics, mobile services and transaction connection
- increased interaction between urban and rural areas

The priority is mainly implemented so that local action groups (Annex 10) incorporate the measures into their own programmes and the programme of each local action group is implemented as part of this development plan.

Result indicators (results):

- new and revized jobs
- new residents in each village: permanent/seasonal, immigration/births (compiled from the development projects of villages)

Measures:

- n.** Basic services for the rural economy and population
- o.** Renovation and development of villages and protection and conservation of the rural heritage

Output indicators (outputs) of each measure are listed in Annex 11.

6.1.4. Environmental protection as well as international, community and national environmental policy obligations

The requirements related to environmental protection are taken into account in each priority of this rural development plan and each of the measures to be implemented. In the environmental protection of agriculture the most important means is the horizontal agri-environmental support. This is complemented by national investment support, which will be continued in order to support e.g. farm investments aimed at the protection of the environment and waters. In priority 1 of this development plan the environmental skills of farmers are improved by training, and cooperation is encouraged in the environmental improvement projects. Environmental measures in forestry are supported through the forestry measures included in priority 1.

Priority 2 aims at diversification of industries. Emphasis on environmental issues is a self-evident aspect in the development of all rural industries, but in addition to this one of the central strategies of the development plan is that in the future the success of rural industries may be based on positive values in respect of the environment. Thus one of the most important focal areas in priority 2 include e.g. increasing the use of domestic wood energy, promoting organic production, processing of organically produced agricultural products as well as production of tourism and recreational services based on sustainable use of the nature.

The objective of priority 3 is to develop the rural communities and improve the attractiveness of the residential environments. The measures encourage the management of natural and cultural landscapes so that landscape management measures that are not eligible for support based on the Supplementary Protection Scheme can also be included in the supported measures. Measures may also be directed at local water protec-

tion projects or restoration of watercourses. In the case of measures aiming at the development of services e.g. the implementation of waste management systems suitable for sparsely populated areas may be supported.

The general agreement on the protection of the Baltic Sea area from 1992, with annex, and the recommendations of the Commission for the Protection of the Baltic Sea (HELCOM) related to this oblige the member states to reduce their emissions into the Baltic Sea. Annex III of the agreement concerns agriculture. Other obligations concerning sustainable development and the environment are listed in Chapter 5.1.8. (p. 27) under the title "International agreements and national programmes".

6.2. Description and effects of nationally financed measures in the area covered by the Regional Rural Development Plan

The following measures are financed by means of funds granted in the state budget and through the Development Fund of Agriculture and Forestry:

- **Study grants for farmers**

Farmers included in the farmers' pension scheme are eligible for support for the costs due to participating in further vocational training of no less than five days. The support is paid as a fixed amount per a day of training.

- **Investment support to agriculture and forestry**

Investments support may be granted for the improvement of the means of production in order to make it easier for farmers to take up the necessary investments. Support is available for diversification of the production of farms, livestock production, crop production and horticulture, investments in livestock and other production buildings, movables and environmental investments.

- **Setting-up aid to young farmers**

The purpose of the aid is to improve the economic position of young farmers at the early stage of starting to run a farm when the need for funds is the greatest. The support is granted partly as interest-rate subsidy and partly as subsidy.

- **Loans for purchasing residential farm**

The purpose of the loans for purchasing residential farms is to preserve the rural settlement, promote the utilization of the existing buildings, reduce the need for investments in new buildings and manage the rural landscape and, through these measures, to prevent the delapidation of the constructed rural environment.

- **Loans for residential buildings on farms**

The purpose of these loans is to lower the building costs of the rural residents and preserve the rural settlement.

- **Loans for purchasing additional land**

The loans granted for the purchase of additional land lower the capital costs of farms aiming at increase their size. By targeting the support to additional land whose price does not exceed a certain limit also prevented excessive increase in the prices.

6.3. Measures excluded from the Regional Rural Development Plan

Measures referred to in the Annex to the Commission Regulation (EC) No. 1750/1999 that have been excluded from the Regional Rural Development Plan and the justification for the exclusion.

- b. Setting-up aid for young farmers**

Setting-up aid for young farmers is financed nationally.

- g. Improving processing and marketing of agricultural products**

Due to the shortage of the financing framework it was not considered expedient to include this measure in the development plan. Investments in the processing of agricultural products on farms are supported as farm investments (measure a). Companies processing agricultural products that operate in the same processing, distribution or marketing chain with food processing companies that are eligible for support through measure a will be financed with national funding by Ministry of Trade and Industry.

- j. Land improvement**

Land improvement activities are considered regular farming activities. In designated water protection areas liming of acid sulphate soil may be eligible for support based on the Supplementary Protection Scheme (Agri-environmental programme, Section II/9.3.1.4.12. Regional reduction of acidity).

- k. Reparcelling**

The necessary planning related to the reparceling may be eligible for support based on measure l (setting-up of farm relief and farm management services). National funding is available for the practical implementation of the reparceling. Land use planning aimed at the holistic development of villages may also be financed from measure o.

- m. Marketing of high-quality agricultural products**

Launching of marketing cooperation for products excluded from the support schemes under common market organisation, increasing other forms of market cooperation and the related quality and other development projects will be financed under measure l. Investments related to packaging, processing of the first degree and sales activities are supported as farm investments (measure a) or as described above in connection with measure g.

- q. Agricultural water resources management**

Improvement of the management of the water

supply on single farms is eligible for national investment aid. Small-scale water supply and sewerage projects, such as concerning the water supply of villages, may be included in measure n.

r. Development and improvement of infrastructure connected with the development of agriculture

There are no such extensive needs for improvement in the basic structure of agriculture in the area of the plan that the implementation of this measure could be justified.

t. Protection of the environment in connection with agriculture, forestry and landscape conservation as well as improvement of animal welfare

Protection of the environment is taken into consideration in the implementation of the development plan as described in Chapter 6.1.4. Environmental projects in forestry may be implemented in measure I (other forestry measures), and activities included in the measure of agri-environmental support may be used in the environmental protection of agriculture and landscape management. Animal welfare can be promoted through the national investment aid. Landscape management activities that are not eligible for support based on the Supplementary Protection Scheme (areas not belonging to active farms) may be included in measure o (renovation and development of villages and protection and conservation of rural heritage).

u. Restoring of agricultural production potential damages by natural disasters and introducing appropriate prevention instruments

In the area covered by the plan natural catastro-

phes do not cause any considerable damage to the production possibilities, and the most serious problems are due to the floods in the spring. In recent years constructions aimed at preventing floods have been built in the area of the plan, and the necessary additions to these can be implemented based on national funding.

v. Financial engineering

At this stage it was not considered necessary to introduce any new financing systems. The financing risk of small enterprises can be reduced by means of state guarantees. The need for financial engineering for the rural development measures and how these could be used to support these measures will be examined during the programming period.

6.4. Areas covered by specific territorial measures

Areas covered by specific territorial measures are specified in the Horizontal Rural Development Plan. In the Regional Rural Development Plan all measures apply to all areas covered by the plan.

6.5. Time-scheme and uptake

The implementation of the measures based on this Regional Rural Development Plan starts in Finland 1 January 2000 or after this when the EU Commission has approved the Regional Rural Development Plan for areas excluded from Objective 1 and the national legislation has been completed. Costs incurring from the beginning of 2000 may be taken into account as eligible costs. The development plan will be implemented until the end of 2006.

7. THE EXPECTED ECONOMIC, ENVIRONMENTAL AND SOCIAL IMPACTS

7.1. Economic impacts

The most important objectives of the Regional Rural Development Plan are the development and diversification of the rural industries, strengthening the economy and improvement of the welfare, employment and services of the rural population. The economic development of the rural areas, agriculture, forestry and services is closely linked to the changes in the society and its structure, and thus it is not possible to present any detailed estimates of the economic impacts of the development plan alone. The purpose of the plan is to support the development of rural areas and prevent rural depopulation.

Measures included in the plan support the economic development and employment in the rural areas in a significant way. Diversification of the rural industries, continuation of agricultural production, structural development in agriculture, securing the living conditions and services in rural areas and environmental protection improve and increase the competitiveness of the rural areas. Measures increasing the interaction between the urban and rural areas also improve the services and develop the economy in the countryside. Primarily the growth concerns services.

Objectives concerning agriculture and forestry in the plan include keeping about the current area in agricultural production as well as continuation of milk and meat production in about the present extent improving the economic preconditions of farms by reducing the costs, diverse and sustainable use of forest resources and improvement of the management of forest nature.

Strengthening the living conditions and services in rural areas makes it possible to preserve and increase the entrepreneurial activity and settlement in rural areas. One important objective of

the development plan is to secure the basic and essential services in rural areas. The organization of welfare services as well as services related to the water supply and waste management contribute to the economic development and employment in a significant way.

Training is directed at strengthening the development possibilities and entrepreneurial activity and services in rural areas. Thus the training measures included in the rural plan together with training measures in Objective 3 reinforce the economic development and creation and preservation of jobs in rural areas.

7.2 Environmental impacts

The Regional Rural Development Plan starts from the basic idea that rural areas should be developed so that they could be viewed as healthy and pleasant environments for residence, work and leisure. All the measures taken must take into account the principle of sustainable development. Environmental issues have received a great deal of emphasis in the preparation of the programme, and statements on these have been requested from the environmental authorities and organizations. In the preparation of the plan there was no special environmental work group, because all of those participating in the work were expected to consider the environmental effects of the proposed measures, which in most cases were unanimously deemed positive. Funds will not be directed at projects with considerable negative environmental impacts.

The pure nature is one of the main strengths of the countryside, and one important aspect of this is the purity and high quality of Finnish foodstuffs. The huge number of watercourses that is so characteristic to Finland can be fully grasped in the rural areas only.

Environmental issues play a central role in promoting business activities. The control of environmental impacts is intensified in the air protection of companies as well as the water supply and waste management. This also improves the competitiveness of the products especially on the export market.

Another objective is to increase the environmental awareness of the citizens, which will in turn have positive repercussions in the development of the areas. Improvement in the skills increases environmental entrepreneurship in rural areas. Good examples of this are organic production and tourism based on the environment and wildlife.

Development activities in agriculture and forestry have significant environmental impacts. Measures eligible for support in these sectors are in the first place targeted at reducing the negative impacts. Organic production lowers nutrient emissions and use of pesticides considerably, and riparian zones established in cooperation between farms reduce the emissions into the watercourses. Use of wood reduces the need to use unrenovable natural resources, and especially the use of wood in the highly processed form is important in terms of sustainable development. Diversified use of forests, taking natural values and biodiversity into account, is highly important in the rural areas.

Tourism is usually based on the natural resources of areas, variable forest and water environments as well as rural landscapes. Environmental management improves the development possibilities for tourism, and tourism in turn increases the need to improve e.g. the recycling of waste and management of the water supply. Preservation of the characteristic features of the Finnish environments is essential in all management activities.

In many of the development activities, including environmental issues, cooperation and common

interests of the rural and urban areas receive particular emphasis. Preservation of high-quality groundwater resources is a prerequisite for the residents and entrepreneurial activity of the regions.

The basic principle is that the Regional and Horizontal Rural Development Plans complement one another. Environmental issues are concentrated in the Horizontal Plan, which also includes a more detailed description of environmental issues. Environmental policy related to agriculture pertains to the Horizontal Rural Development Plan, and support for pro-environmental measures on single farms, such as investments in waste management, is granted as specific national support. A description of the environmental issues related to agriculture in the programme area, as far as these concern measures that can be implemented through the regional rural plan, is presented in the following.

One important principle of the development measures is the promotion of sustainable development in rural areas. The basic environmental policy principles of the European Union: minimising the use of non-renewable natural resources, sustainable use of renewable natural resources, improving solid waste management, protecting landscapes, protecting historically valuable sites, improving the state of the local environment, protecting the atmosphere, increasing environmental awareness and public participation in decisions promoting sustainable development have all been basic principles in designing the regional rural plan.

Minimisation of the use of non-renewable natural resources is promoted particularly through projects seeking to increase the use of wood as an energy source. Sustainable use of renewable natural resources is promoted particularly in the forestry measures (i) and in the development projects for energy, water and solid waste management pertaining to rural industries and rural basic service measure (n) as well as in nature

tourism projects pertaining to the measure encouraging tourism and handicrafts (s). Projects pertaining to improvements in rural solid waste management are also included in the measure (n). Protection of landscapes is a vital element of the measure to refurbish and improve villages and to protect and conserve the rural heritage (o), and so is protecting historically valuable sites and improving the state of the natural environment locally. Improving the state of the natural environment locally is also one of the principal objectives of the projects falling under the heading of forestry measure (i). There are also projects seeking this objective under measure (n), particularly those pertaining to energy, water and solid waste management in villages. Projects promoting the use of wood as an energy source serve the objective of protecting the atmosphere. Conservation of biodiversity is promoted particularly by the care and restoration of heritage environments under measure (o) and the forest measure (i) includes projects pertaining to demonstration activities to promote the sustainable use of private forests and above all projects with extensive impact on nature conservation and environmental care. Increasing environmental awareness and public participation in decisions promoting sustainable development are contained in the entire process of project planning, implementation and monitoring at the local level. As indicators of the state of the environment are included in every project entity, the environmental impacts of a project must be thoroughly considered at the planning stage and monitored at the implementation stage.

Monitoring of environmental impacts

The environmental impacts of the projects are assessed by those responsible for the projects, and the assessment is reported on a specific form. The environmental impacts are taken into account in connection with the approval of each project.

The programme includes environmental indicators for specific measures compiled from the

project data and entered into the monitoring system. The environmental impacts of projects have to be assessed at the planning stage, and these are taken into account in selecting the projects. In evaluation the environmental impacts are assessed based on data compiled from projects and other available data.

7.3. Social impacts

Adequate population basis and a balanced age and gender structure are prerequisites for maintaining at least the present level of services in rural areas. Social sustainability implies securing the vital necessities of life, such as the basic services, as well as harmonization of environment considerations and other development objectives.

The plan aims at balancing the development of the population and controlling the depopulation of the remote rural areas and decrease in the services. In particular, efforts are made to reduce the willingness of the people to migrate from sparsely populated rural areas to population centres and to increase the migration in the opposite direction by creating both attractive and viable rural environments for work and residence. This also secures the future utilization of the existing infrastructure.

Another objective of the plan is to increase the mental and social welfare and improve the faith in the future among the rural residents. This forms the basis for the development of the economy and industries.

The objective of the rural development plan for areas excluded from Objective 1 is to increase and preserve job opportunities by improving the operating conditions of companies and farms. The promotion of entrepreneurial activities includes both the improvement of the preconditions for operation of the existing enterprises and the establishment of new ones.

The reorganization of jobs changes the structure of occupation in the remote and core rural areas. Growth in the production and the increased orientation of the production to markets outside the regions has indirect employment impacts, but the direct impact of the plan on the employment (i.e. during implementation, estimated at 10,000 AWU) intensifies the multiplier impact. However, the main purpose of the plan is to improve the knowledge and skills of both the schools and colleges, counseling organizations and other centres of expertise and also people operating at the grass-root level in the development work.

The plan aims at an equal rural development by promoting the own initiative of both men and women in finding new employment opportunities by improving their entrepreneurial skills and increasing the acquisition of additional income outside agriculture and forestry. The initiative of women is encouraged in the fields where women have traditionally been strong (art and crafts, small-scale food processing, tourism, care services, communication). Special efforts are also made to improve the position of single men who have or may become isolated, because the disappearance of jobs in agriculture and forestry has a greater impact on men than women (e.g. forest workers and farms run by men alone).

8. INDICATIVE OVERALL FINANCIAL TABLE

Due to both the contents and method of implementation of Regional Rural Development Plan, the successful implementation of measures of the plan require that municipalities are closely involved in the implementation of the programme. Both the expertise and financial input of municipalities is needed. Municipal funding may be allocated to the projects included in all the priorities, but the main emphasis is on priorities 2 and 3. Municipal funding will account for about 10 per cent of the total public funding for the plan. In the case of development plans of the local action groups implementing the Regional Rural Development Programme the share of municipal funding must be

20 per cent of the public financing for the development plan of the LAG.

The total funding of the plan amounts to about EUR 667 million, two fifths of which is funded privately, the rest being public funding (the EU, the State, municipalities). About one half of total funding is allocated to development projects or corresponding development activities, and the other half goes to enterprise investments in enterprises or development of individual companies. Approximately 60 per cent of public funding is assigned to development projects, and 40 per cent would be used for activities at enterprise level measures.

8. Table of overall financing

| | Total costs | 2000 | | | | Private financing | Total costs | 2001 | | | Private financing | Total costs | 2002 | | | | Private costs | Total costs | 2003 | | | Private financing | |
|---|-------------|------------------|--------------|--------------|---------------------------|-------------------|--------------|------------------|--------------|--------------|-------------------|--------------|---------------------------|------------------|--------------|---------------|---------------|--------------|---------------------------|------------------|--------------|-------------------|--------------|
| | | Public financing | | | National public financing | | | Public financing | | | | | National public financing | Public financing | | | | | National public financing | Public financing | | | |
| | | Public costs | EU financing | EU financing | | | | Public costs | EU financing | EU financing | | | | Public costs | EU financing | EU financing | | | | Public costs | EU financing | | EU financing |
| Priority 1 | | | | | | | | | | | | | | | | | | | | | | | |
| a. Investments in agricultural holdings | 0,05 | 0,05 | 0,05 | 0,00 | 0,00 | 3,98 | 1,39 | 0,42 | 0,97 | 2,59 | 6,07 | 2,12 | 0,64 | 1,48 | 3,95 | 6,16 | 2,16 | 0,65 | 1,51 | 4,00 | | | |
| b. Setting up of young farmers | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | | | |
| c. Training | 0,09 | 0,09 | 0,09 | 0,00 | 0,00 | 3,13 | 2,82 | 0,85 | 1,97 | 0,31 | 4,78 | 4,30 | 1,29 | 3,01 | 0,48 | 4,86 | 4,37 | 1,31 | 3,06 | 0,49 | | | |
| i. Other forestry measures | 0,06 | 0,06 | 0,06 | 0,00 | 0,00 | 1,63 | 1,30 | 0,39 | 0,91 | 0,33 | 2,49 | 1,99 | 0,60 | 1,39 | 0,50 | 2,51 | 2,01 | 0,60 | 1,41 | 0,50 | | | |
| l. Setting-up of farms relief and farm management services | 0,05 | 0,05 | 0,05 | 0,00 | 0,00 | 1,24 | 0,87 | 0,26 | 0,61 | 0,37 | 1,90 | 1,33 | 0,40 | 0,93 | 0,57 | 1,91 | 1,34 | 0,40 | 0,94 | 0,57 | | | |
| <i>Total</i> | <i>0,25</i> | <i>0,25</i> | <i>0,25</i> | <i>0,00</i> | <i>0,00</i> | <i>9,98</i> | <i>6,38</i> | <i>1,92</i> | <i>4,46</i> | <i>3,60</i> | <i>15,24</i> | <i>9,74</i> | <i>2,93</i> | <i>6,81</i> | <i>5,50</i> | <i>15,44</i> | <i>9,88</i> | <i>2,96</i> | <i>6,92</i> | <i>5,56</i> | | | |
| Priority 2 | | | | | | | | | | | | | | | | | | | | | | | |
| a. Investment in agricultural holdings (diversification) | 0,35 | 0,35 | 0,35 | 0,00 | 0,00 | 19,08 | 6,68 | 2,00 | 4,68 | 12,40 | 29,13 | 10,20 | 3,06 | 7,14 | 18,93 | 29,57 | 10,34 | 3,10 | 7,24 | 19,23 | | | |
| i. Other forestry measures | 0,32 | 0,32 | 0,32 | 0,00 | 0,00 | 10,75 | 5,37 | 1,61 | 3,76 | 5,38 | 16,42 | 8,21 | 2,46 | 5,75 | 8,21 | 16,66 | 8,33 | 2,50 | 5,83 | 8,33 | | | |
| p. Diversification of agricultural activities close to agriculture to provide multiple activities incomes | 0,28 | 0,28 | 0,28 | 0,00 | 0,00 | 14,10 | 8,46 | 2,54 | 5,92 | 5,64 | 21,51 | 12,91 | 3,87 | 9,04 | 8,60 | 21,83 | 13,10 | 3,93 | 9,17 | 8,73 | | | |
| s. Encouragement for tourism and craft activities | 0,18 | 0,18 | 0,18 | 0,00 | 0,00 | 7,45 | 4,47 | 1,34 | 3,13 | 2,98 | 11,36 | 6,82 | 2,04 | 4,78 | 4,54 | 11,54 | 6,93 | 2,08 | 4,85 | 4,61 | | | |
| <i>Total</i> | <i>1,13</i> | <i>1,13</i> | <i>1,13</i> | <i>0,00</i> | <i>0,00</i> | <i>51,38</i> | <i>24,98</i> | <i>7,49</i> | <i>17,49</i> | <i>26,40</i> | <i>78,42</i> | <i>38,14</i> | <i>11,43</i> | <i>26,71</i> | <i>40,28</i> | <i>79,60</i> | <i>38,70</i> | <i>11,61</i> | <i>27,09</i> | <i>40,90</i> | | | |
| Priority 3 | | | | | | | | | | | | | | | | | | | | | | | |
| n. Basic services for rural economy and population | 0,27 | 0,27 | 0,27 | 0,00 | 0,00 | 4,53 | 4,07 | 1,22 | 2,85 | 0,46 | 6,92 | 6,23 | 1,87 | 4,36 | 0,69 | 7,02 | 6,32 | 1,90 | 4,42 | 0,70 | | | |
| o. Renovation and development of villages and protection and conservation of the rural heritage | 0,43 | 0,43 | 0,43 | 0,00 | 0,00 | 8,83 | 7,94 | 2,38 | 5,56 | 0,89 | 13,46 | 12,12 | 3,64 | 8,48 | 1,34 | 13,66 | 12,30 | 3,69 | 8,61 | 1,36 | | | |
| <i>Total</i> | <i>0,70</i> | <i>0,70</i> | <i>0,70</i> | <i>0,00</i> | <i>0,00</i> | <i>13,36</i> | <i>12,01</i> | <i>3,60</i> | <i>8,41</i> | <i>1,35</i> | <i>20,38</i> | <i>18,35</i> | <i>5,51</i> | <i>12,84</i> | <i>2,03</i> | <i>20,68</i> | <i>18,62</i> | <i>5,59</i> | <i>13,03</i> | <i>2,06</i> | | | |
| Overall programme total | 2,08 | 2,08 | 2,08 | 0,00 | 0,00 | 74,72 | 43,37 | 13,01 | 30,36 | 31,35 | 114,04 | 66,23 | 19,87 | 46,36 | 47,81 | 115,72 | 67,20 | 20,16 | 47,04 | 48,52 | | | |
| Transitional measures | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | | | |
| Supplementary table, combined expenditure on measures included in more than one priority | | | | | | | | | | | | | | | | | | | | | | | |
| a. Farm investments, primary processing and diversification | 0,40 | 0,40 | 0,40 | 0,00 | 0,00 | 23,06 | 8,07 | 2,42 | 5,65 | 14,99 | 35,20 | 12,32 | 3,70 | 8,62 | 22,88 | 35,73 | 12,50 | 3,75 | 8,75 | 23,23 | | | |
| i. Other forestry measures | 0,38 | 0,38 | 0,38 | 0,00 | 0,00 | 12,38 | 6,67 | 2,00 | 4,67 | 5,71 | 18,91 | 10,20 | 3,06 | 7,14 | 8,71 | 19,17 | 10,34 | 3,10 | 7,24 | 8,83 | | | |

| | Total costs | 2004 | | | | Private financing | Total costs | 2005 | | | Private financing | Total costs | 2006 | | | | Total costs | Total | | | | | | | | |
|---|---------------|------------------|--------------|---------------------------|--------------|-------------------|--------------|------------------|--------------|---------------------------|-------------------|--------------|-------------------|------------------|--------------|---------------------------|---------------|---------------|---------------|------------------|--------------|---------------------------|-------------------|--------------|--------------|---------------------------|
| | | Public financing | | | Public costs | | | Public financing | | | | | Private financing | Public financing | | | | Private costs | Total costs | Public financing | | | Private financing | | | |
| | | Public costs | EU financing | National public financing | | | | Public costs | EU financing | National public financing | | | | Public costs | EU financing | National public financing | | | | Public costs | EU financing | National public financing | | Public costs | EU financing | National public financing |
| | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Priority 1 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| a. Investments in agricultural holdings | 6,33 | 2,22 | 0,66 | 1,56 | 4,11 | 6,16 | 2,16 | 0,65 | 1,51 | 4,00 | 6,75 | 2,33 | 0,66 | 1,67 | 4,42 | 35,50 | 12,43 | 3,73 | 8,70 | 23,07 | | | | | | |
| b. Setting up of young farmers | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | | | | | | |
| c. Training | 5,00 | 4,50 | 1,35 | 3,15 | 0,50 | 4,87 | 4,37 | 1,31 | 3,06 | 0,50 | 5,29 | 4,75 | 1,36 | 3,39 | 0,54 | 28,02 | 25,20 | 7,56 | 17,64 | 2,82 | | | | | | |
| i. Other forestry measures | 2,59 | 2,07 | 0,62 | 1,45 | 0,52 | 2,52 | 2,02 | 0,61 | 1,41 | 0,50 | 2,73 | 2,17 | 0,61 | 1,56 | 0,56 | 14,53 | 11,62 | 3,49 | 8,13 | 2,91 | | | | | | |
| l. Setting-up of farms relief and farm management services | 1,99 | 1,39 | 0,42 | 0,97 | 0,60 | 1,92 | 1,34 | 0,40 | 0,94 | 0,58 | 2,08 | 1,44 | 0,40 | 1,04 | 0,64 | 11,09 | 7,76 | 2,33 | 5,43 | 3,33 | | | | | | |
| <i>Total</i> | <i>15,91</i> | <i>10,18</i> | <i>3,05</i> | <i>7,13</i> | <i>5,73</i> | <i>15,47</i> | <i>9,89</i> | <i>2,97</i> | <i>6,92</i> | <i>5,58</i> | <i>16,85</i> | <i>10,69</i> | <i>3,03</i> | <i>7,66</i> | <i>6,16</i> | <i>89,14</i> | <i>57,01</i> | <i>17,11</i> | <i>39,90</i> | <i>32,13</i> | | | | | | |
| Priority 2 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| a. Investment in agricultural holdings (diversification) | 30,47 | 10,67 | 3,20 | 7,47 | 19,80 | 29,61 | 10,36 | 3,11 | 7,25 | 19,25 | 32,41 | 11,11 | 3,09 | 8,02 | 21,30 | 170,62 | 59,71 | 17,91 | 41,80 | 110,91 | | | | | | |
| i. Other forestry measures | 17,18 | 8,59 | 2,58 | 6,01 | 8,59 | 16,69 | 8,34 | 2,50 | 5,84 | 8,35 | 18,12 | 8,90 | 2,45 | 6,45 | 9,22 | 96,14 | 48,06 | 14,42 | 33,64 | 48,08 | | | | | | |
| p. Diversification of agricultural activities close to agriculture to provide multiple activities incomes | 22,51 | 13,51 | 4,05 | 9,46 | 9,00 | 21,87 | 13,13 | 3,94 | 9,19 | 8,74 | 23,90 | 14,23 | 4,07 | 10,16 | 9,67 | 126,00 | 75,62 | 22,68 | 52,94 | 50,38 | | | | | | |
| s. Encouragement - for tourism and craft activities | 11,89 | 7,13 | 2,14 | 4,99 | 4,76 | 11,56 | 6,93 | 2,08 | 4,85 | 4,63 | 12,58 | 7,48 | 2,12 | 5,36 | 5,10 | 66,56 | 39,94 | 11,98 | 27,96 | 26,62 | | | | | | |
| <i>Total</i> | <i>82,05</i> | <i>39,90</i> | <i>11,97</i> | <i>27,93</i> | <i>42,15</i> | <i>79,73</i> | <i>38,76</i> | <i>11,63</i> | <i>27,13</i> | <i>40,97</i> | <i>87,01</i> | <i>41,72</i> | <i>11,73</i> | <i>29,99</i> | <i>45,29</i> | <i>459,32</i> | <i>223,33</i> | <i>66,99</i> | <i>156,34</i> | <i>235,99</i> | | | | | | |
| Priority 3 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| n. Basic services for rural economy and population | 7,23 | 6,51 | 1,95 | 4,56 | 0,72 | 7,03 | 6,33 | 1,90 | 4,43 | 0,70 | 7,51 | 6,73 | 1,83 | 4,90 | 0,78 | 40,51 | 36,46 | 10,94 | 25,52 | 4,05 | | | | | | |
| o. Renovation and development of villages and protection and conservation of the rural heritage | 14,09 | 12,68 | 3,81 | 8,87 | 1,41 | 13,69 | 12,32 | 3,69 | 8,63 | 1,37 | 14,69 | 13,18 | 3,65 | 9,53 | 1,51 | 78,85 | 70,97 | 21,29 | 49,68 | 7,88 | | | | | | |
| <i>Total</i> | <i>21,32</i> | <i>19,19</i> | <i>5,76</i> | <i>13,43</i> | <i>2,13</i> | <i>20,72</i> | <i>18,65</i> | <i>5,59</i> | <i>13,06</i> | <i>2,07</i> | <i>22,20</i> | <i>19,91</i> | <i>5,48</i> | <i>14,43</i> | <i>2,29</i> | <i>119,36</i> | <i>107,43</i> | <i>32,23</i> | <i>75,20</i> | <i>11,93</i> | | | | | | |
| Overall programme total | 119,28 | 69,27 | 20,78 | 48,49 | 50,01 | 115,92 | 67,30 | 20,19 | 47,11 | 48,62 | 126,06 | 72,32 | 20,24 | 52,08 | 53,74 | 667,82 | 387,77 | 116,33 | 271,44 | 280,05 | | | | | | |
| Transitional measures | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | | | | | |
| Supplementary table, combined expenditure on measures included in more than one priority | | | | | | | | | | | | | | | | | | | | | | | | | | |
| a. Farm investments, primary processing and diversification | 36,80 | 12,89 | 3,86 | 9,03 | 23,91 | 35,77 | 12,52 | 3,76 | 8,76 | 23,25 | 39,16 | 13,44 | 3,75 | 9,69 | 25,72 | 206,12 | 72,14 | 21,64 | 50,50 | 133,98 | | | | | | |
| i. Other forestry measures | 19,77 | 10,66 | 3,20 | 7,46 | 9,11 | 19,21 | 10,36 | 3,11 | 7,25 | 8,85 | 20,85 | 11,07 | 3,06 | 8,01 | 9,78 | 110,67 | 59,68 | 17,91 | 41,77 | 50,99 | | | | | | |

Funds from EAGGF guarantee section for rural adaptation and development measures in Objective 2 rural areas: 41,53 million EUR (60 per cent of total funds under article 33).
Setting up of young farmers have been added to the financing table on the understanding that this will become open to co-financing from EU funds during the financing period.
Transitional measures will be financed with national funding.

9. DESCRIPTION OF THE MEASURES CONTEMPLATED FOR IMPLEMENTING THE PLAN

9.1. General requirements

Measures applied in the implementation of the plan:

| | Measure | Council Regulation (EC) No 1257/1999, Article and paragraph |
|----|--|--|
| a. | Investment in agricultural holdings (processing and marketing of agricultural products, and diversification) | Chapter I, art. 4 (intend 5) |
| c. | Training | Chapter III, art 9. |
| i. | Other forestry measures | Chapter VIII, art. 30 (intends 2,3,4), art. 32 (intend 1) |
| l. | Setting up of farm relief and farm management services | Chapter IX, art 33 (3) |
| n. | Basic services for the rural economy and population | Chapter IX, art. 33 (5) |
| o. | Renovation and development of villages and protection and conservation of the rural heritage | Chapter IX art. 33 (6) |
| p. | Diversification of agricultural activities and activities close to agriculture to provide multiple activities or alternative incomes | Chapter IX art. 33 (7) |
| s. | Encouragement for tourism and craft activities | Chapter IX art. 33 (10) |

9.2. Requirements, which concern all or several measures

9.2.1. Main features

Community contribution, aid intensity and maximum amount of aid:

| | Community contribution | Aid intensity (share of public funding in total expenditure) | Maximum amount of aid |
|---|-------------------------------|---|---|
| a. Investment in agricultural holdings (processing and marketing of agricultural products and diversification) | 30 % of public expenditure | maximum 50% of total eligible costs of the project | aid for eligible investment costs of maximum FIM 5 million per investment |
| c. Training | 30 % of public expenditure | maximum 90% of total eligible costs of the project | |
| i. Other forestry measures | | <p>enterprises:</p> <ul style="list-style-type: none"> – farm investments maximum 40 %, other enterprises maximum of 25% of total eligible costs of investments – share of subsidies no more than 90% of total eligible costs of development projects of single enterprises in accordance with the de minimis -rule – share of subsidies no more than 45% of wage costs eligible for setting-up subsidy for enterprises in accordance with the de minimis -rule <p>development projects and ecological management projects</p> <ul style="list-style-type: none"> – maximum 100% of total eligible costs of preliminary studies and coordination projects related to development projects – maximum 90% of total eligible costs of other development projects except for projects designed for certain groups of entrepreneurs, where the maximum support level is 75 per cent as de minimis support <p>Investments in forest management and improvement</p> <ul style="list-style-type: none"> – maximum 80% of total costs | In ecological management projects the maximum amount of support is in accordance with Article 32 (2) of Council Regulation (EC) No 1257/1999. |
| l, n, o, p, and s Promoting the adaptation and development of rural areas (article 33 measures) | 30 % of public expenditure | <p>Enterprises</p> <ul style="list-style-type: none"> – maximum of 25% of total eligible costs of investments – share of subsidies no more than 90% of total eligible costs of development projects of single enterprises in accordance with the de minimis -rule – share of subsidies no more than 45% of wage costs eligible for setting-up subsidy for enterprises in accordance with the de minimis -rule <p>development projects:</p> <ul style="list-style-type: none"> – maximum 100% of total eligible costs of preliminary studies coordination projects and activation projects for LAGs related to development projects – maximum 90% of total eligible costs of other development projects except for projects designed for certain groups of entrepreneurs, where the maximum support level is 75 per cent as de minimis support. This does not concern Annex I production, where the maximum support level is 90 per cent. <p>community investments:</p> <ul style="list-style-type: none"> – maximum 75% of total eligible costs | |

The core and remote rural regions are taken into account in the levels of investment aid for enterprises by differentiating the maximum level of aid so that it is higher in these regions than in rural regions adjacent to towns. The higher support level in Objective 2 areas is taken into account in the differentiation. The main purpose of the higher support level is to alleviate the problems in remote and core rural regions as well as to direct entrepreneurial activities to these regions. In addition to setting up companies efforts are also made to develop all entrepreneurial activities.

9.2.2. Other elements

Criteria to demonstrate economic viability (investment in agricultural holdings)

In order to evaluate the viability, the applicant must present a calculation on his current business activities as well as on the impact of planned investment on the future viability of the enterprise. When evaluating viability, special attention is paid to the continuity of supported activities, the economic condition and liquidity of the enterprise as well as to the marketing opportunities of its products and services.

The applicant must demonstrate a financial return based on enterprise accounting figures, together with financial calculations for several future years concerning the development of enterprise operations and the impact of the subsidised measure and aid. The operations of the enterprise must be such that they are of fundamental significance to the income of the entrepreneur, irrespective of whether the enterprise operations are conducted by a private individual or a corporate body. If, however, the principal source of income is based on agriculture, then the income proportion derived from other enterprise operations may be of less significance. The returns from enterprise operations must, however, always have some impact on individual income. This primarily means that the yield from enter-

prise operations must be positive in the medium term, even if, for example, the yield from the subsidised investment is negative in the immediate year of implementation or in one of the two following years. The operations should also be of such a character that they cannot be considered to be a leisure time activity. In particular, the calculation should demonstrate the profitability and continuity of the subsidised activity as well as the financial situation and liquidity of the enterprise. The financial structure of the enterprise must thus be a sound one. An account is further required of the marketing prospects for goods and services which must be reliably demonstrated through market research if necessary. On the basis of these accounts, and if necessary after visiting and/or analysing the enterprise, the Employment and Economic Development Centre which grants the aid will evaluate its financial viability.

Most of the enterprises in enterprise operation development projects must be such that their operations may be assessed as financially viable, even though the evaluation of the enterprises involved is not as thorough as in the case of enterprise-specific aids. Market players which are not run for profit or which do not enjoy significant improvements in earnings as a result of these aids may also be involved, provided that the majority of the enterprises which are involved may be assessed as meeting the requirements of financial viability.

Financial viability is not required in general development projects as the projects may, for example, entail a permanent rise in the cost of living of a beneficiary while improving the quality of residence.

Minimum standards regarding environment, hygiene and animal welfare (investment in agricultural holdings and other forestry measures)

Environmental standards. Rural enterprises must comply with the Community legislation

concerning the project and production in question, or with the provisions issued on the basis of this legislation, or with national environmental provisions if they are more binding than the last-mentioned provisions.

Animal welfare and hygiene. An enterprise practising animal husbandry must comply with what is prescribed on animal welfare in the Animal Welfare Act (247/1996) and in the provisions of Community legislation on animal welfare.

In their production, rural enterprises must comply with what is prescribed in or on the basis of the Food Act (361/1995), the Act on Food Hygiene of Animal Products (1195/1996), the Plant Protection Act (1203/1994) and the Act on Fertilizers (232/1993).

Level of occupational skill and competence required (investment in agricultural holdings and other forestry measures)

Granting aid is subject to the criterion that the entrepreneur has adequate skills in activities to be supported. The draft for a decision of the Council of State, section 22 (29 December 1999, Cabinet Finance Committee): Support for single enterprises may be granted provided that the entrepreneur has adequate occupational skills in the entrepreneurial activity to be supported. Adequate occupational training may be vocational education of at least the second level in the field of natural resources or similar or other appropriate training in view of the entrepreneurial activity to be practised and for which support is applied. Support may also be granted to entrepreneurs with working experience of at least three years in the relevant field together with appropriate training comprising at least 10 credits. When launching entrepreneurial activities, however, training of at least 20 credits is required, and at least 10 credits have to come from subjects related to economics. The fulfilment of the training criterion may also be proven through vocational apprenticeship or demonstration ex-

amination. If there is no change in the production line as a result of the supported project or measure other than starting up farming or launching entrepreneurial activities and notwithstanding the provisions laid down in paragraph 2, the working experience is considered adequate. The provisions run as follows: should the entrepreneurial activity be other than agriculture and forestry, for weighty reasons exception can be made to provisions laid down in paragraphs 1-3 above.

Assessment of the existence of normal market outlets for the products concerned (investment in agricultural holdings)

The assessment of the existence of normal market outlets must be carried out separately for each project. A common principle is that support is not granted to projects, which increase overproduction. The situation of demand and supply must be analysed at an appropriate level (Community, national, regional, local) considering the extension and objectives of projects. The measures of the Regional Rural Development Plan will not cause any increase of primary production. Primary production investments are not included in the programme and they will be financed with national funding. Those investments won't cause increase of primary production.

Description of the total of ongoing contacts (from the previous period), including financing provisions and procedures/rules to be applied

During the financing period 1995-1999, the resources of Structural Fund have been used to support measures in accordance with the Objective 5 a, including investments, setting-up of young farmers, setting-up of bookkeeping, and producers' groups. Additionally, support has been granted for the setting-up allowances of horticultural producers' organisations.

In 1996 support for investments has been granted as support related to state loans, i.e. interest sub-

ventions, and in some cases receipting instalments. The maximum repayment period for loans is 15 years. Support related to loan may cover the entire loan period. A project receiving support must be implemented at the time advised in the development plan. An extension of maximum two years can be assigned on application. The loan is taken out and the allowance is paid in maximum four instalments in proportion to the stage of implementation. However, the last instalment is not paid until the project has been completed. The payment of the last instalment must be applied for during the 3 months following the completion of project at the latest.

In 1996-1999 setting-up aid of young farmers has been granted in the form of maximum FIM 70 000 allowances, which have been paid by virtue of office in maximum five instalments in the beginning, and in two instalments at one-year intervals since early 1997. In addition, some young farmers have been granted state loans of maximum FIM 250 000 with a repayment period of maximum 15 years, which may have been connected to an interest subvention of maximum FIM 70 000. The interest subvention may cover the entire loan period.

Farmers have been granted bookkeeping allowance since 1997, the maximum amount being FIM 8 700, the payment of which starts in the following year after the first year of bookkeeping. It is granted for a total of 4 years in equal in-

stalments, not exceeding, however, the amount of eligible costs.

Setting-up aid of producer groups and horticultural producers' organisations has been granted in 1996-1999 in accordance with the maximum level of support laid down in the related Community legislation. Support is paid during maximum five years decreasingly, the annual amount being maximum 5, 5, 4, 3 and 2 per cent of eligible costs of establishment and administration costs of the year in question. The unions of producer groups have not been granted aid.

In 1995-1999 rural development has been supported through the so-called 5 b type of aid both for projects and for enterprise measures related to projects. In activities of general usefulness, a support of maximum 100 per cent can have been granted for projects, maximum 75 per cent for enterprise development projects, and maximum 35 per cent of eligible costs for company investments. The period of implementation for projects and company measures is maximum 3 years from when the decision is made. An extension of maximum two years can have been assigned for the implementation of projects on application. The support is paid annually in 3 instalments. The last instalment is not paid until the project or measure is completed. The payment of support must be applied for during the 4 months following the completion of project or activity at the latest.

9.3. Information required for specific measures

9.3.1. Investment in agricultural holdings (a)

Gainers: Rural entrepreneurs

Beneficiaries:

Rural enterprises with business activities in connection with farming or with business activities based on the continuous productivity of nature

Sectors to be funded

Primary processing of agricultural products
Other business activity practised on the farm

Supported investments

Investment in real property and movables including the acquisition of real estate

Types of aid Subsidy

Detailed grounds of eligibility

Beneficiaries Support may be granted to

- 1) one or several natural persons (entrepreneurs) practising agriculture or other industry based on the continuing production capacity of nature, and
- 2) general partnerships
- 3) limited partnerships
- 4) limited companies
- 5) co-operatives,

Support may be granted to a company or co-operative in which the decision-making power is held by a rural entrepreneur mentioned in point 1).

Business activities. To be eligible for support, the activity to be supported shall be practised in such a way that it is of significance for the entrepreneur's livelihood.

Location and domicile of the enterprise. The agricultural holding, or concerning other business activities, the site of activities of rural enterprise must be located in the area of the plan. The enterprise is considered to be located in the municipality where the economic centre of the farm is located, or concerning other business activities, if the domicile of the enterprise is not in Finland, its primary site of activities.

The domicile of a community must be located within the area of the European Union.

Planned area. An activity or project which is not in accordance with valid provisions of general, building, town or lakeside plans may be eligible for support only if the implementation of the measure or project to be supported has been approved by a competent authority of the municipality concerned.

Age. The beneficiary must be under 65 years of age. Persons who are under 18 may be eligible for support only if they are married or joint owners of the enterprise together with their parents or one of these or if there are other special reasons for granting support.

The outputs of each measure are listed in Annex 11.

9.3.2. Training (c)

Gainers:

Farmers and rural entrepreneurs, persons participating in rural business activities and in the renovation of business activities as well as forest owners and forestry entrepreneurs.

Beneficiaries: Expert, counselling and training organisations

Objectives

The aim of training is to activate farmers and forest owners and to encourage them for an own initiative and continuous self-development and maintenance of professional competence.

Support is granted for further and supplementary vocational training, which develops the professional skills, know-how and competence of persons participating in agriculture, forestry, rural business activities and their renovation. Training must be goal-oriented and encourage rural population for life-long learning. The special aim of training measures is to promote equal opportunities and to encourage young people to raise their level of competence.

Training priorities

The training aims at giving the target group a better competence in, inter alia, improvement of production quality, redirection of production to e.g. organic production, the concern for the protection of rural environment and occupational safety when developing production methods as well as the concern for the requirements of animal welfare and hygiene. Training may also concern the improvement of economic and administrative methods, such as information technology, promotion of environmental management, further processing of food-stuffs and forestry products, development of production, networking of small enterprises, and in forestry, development of the methods of forest management and use, adoption of environmental objectives, intensified use of wood and service production. Training may also include farming measures related to the diversification of production, effectiveness of business activities, and development of basic skills required in the management of an economically viable farm.

Training aid related to this measure may be applied for by vocational training and counselling organisations with adequate professional and economic qualifications to implement training. Training is short-term and it can be implemented in different periods.

Types of aid:

Support for development projects. *Development projects* are temporary undertakings in accordance with the programme, entailing the preparation of a plan and involving several gainer.

Time scale: In wide sector development projects the period of implementation is maximum five years, in other projects maximum three years. However, the period may be extended by maximum a year, based on a justified application.

The following reasonable costs can be accepted as: eligible costs of development projects

1. costs due to the planning and implementation of training
2. costs related to salaries and fees of training personnel
3. travel and accommodation expenses of training personnel
4. minor equipment and material costs due to the organisation of training
5. costs due to the use of training premises

Support conditions:

According to Article 6 of Regulation (EC) No 1750/1999 support for vocational training shall not include courses of instruction or training which form part of normal programmes or systems of agricultural and forestry education at secondary or higher levels. This is guaranteed by the substance of application forms and by instructing applicants to take this into consideration in project description, training and information.

Support may not be granted for training which is compulsory according to the Horizontal Rural Development Plan or which is supported through it.

The measures described in the rural development programme concerning funding of educational measures financed from the ESF and EAGGF, particularly training measures for enterprise finance skills, will be harmonised between Objective 3 and the regional rural development programme. The rural development subcommittees of the regional management committees will be responsible for effectively harmonising the programmes and will gather information on the projects to be implemented in the area under Objective 3 and the regional rural development programme. Adaptation of project programmes and complementarity between various programmes will be implemented at the practical level through the rural development subcommittees.

The outputs of each measure are listed in Annex 11.

9.3.3. Forestry (i)

Gainers: Forest owners

Beneficiaries:

One or several natural persons, private and public communities or foundations. E.g. private land owners as laid down in the Act on the Financing of Sustainable Forestry (1094/1996) 2 §, SME's and micro-enterprises, forestry centres, associations

Eligible measures:

Projects promoting the maintenance and improvement of forest and forest land productivity, projects promoting the sustainable use of forests, cooperation and network projects promoting forest use, projects promoting the procurement of energy wood, measures promoting the availability and procurement of wood raw material, entrepreneurial activities based on wood, projects promoting the use of peatlands, projects maintaining and promoting the biodiversity as well as the ecological and environmental state of forests. The projects are included in groups according to article 30: investments for the enhancement of the economic, ecological or social value of forests or for the improvement of collection, processing and trade of forestry products, new sales opportunities for promoting the use and marketing of forestry products and maintenance and improvement of the ecological balance of forests provided are included in article 32.

Examples of supported measures:

- forest management and improvement measures
- pilot and study activities promoting the sustainable management and use of private forests
- measures promoting the collecting and chipping of energy wood
- measures promoting the availability and procurement of wood raw material
- ecological and environmental management projects with wide-ranging impact
- projects maintaining and promoting diversity of forests
- water protection measures in drained forest areas
- energy investments
- development projects promoting mechanical wood processing
- investments of enterprises, setting up and development aid in the field of mechanical wood processing

Definitions

The eligibility principles of projects follow the principles presented in Chapter 9.3.4. where applicable.

Provisions and stipulations: Act on the Financing of Sustainable Forestry (1094/1996, amended 718/1999) and Statute (1311/1996) as well as amendments 19.12.97 | 30.12.97 and Act on Rural Industries Financing (329/1999, amended 44/2000).

The forestry measures of Regional Rural Development Plans are based on statutory regional forestry target programmes prepared in each forestry centre (Forest Act 1093/1996 4 §, Statute 1 § and Decision of the Ministry of Agriculture and Forestry). The National Forest Programme 2010, which is based on the regional forestry target programmes, has been approved by the Decision of the Council of State on 4 March 1999.

Contract arrangements and beneficiaries of measures referred to in Article 32:

Projects are planned and implemented or controlled by forestry centres. The activities included in projects must be planned in cooperation with the landowner and the approval of landowner is required to carry out the work. Beneficiaries are private land owners as laid down in the Act on the Financing of Forestry (1094/1996) 2 §: A natural person, a company, co-operative body or other community comprising such persons, or a trust, the main purpose of which is the practising of agriculture or forestry, and the shareholders of a jointly owned forest and the shareholders of a communal area as specified in the Act on Communal Areas (758/1989).

The outputs of each measure are listed in Annex 11.

9.3.4. Promoting the adaptation and development of rural areas (art. 33 measures)

Detailed basis for eligibility

The following principles of eligibility are applied in measures l, n, o, p and s laid down in Article 33.

Type of aid:

Support for development projects, subsidy for joint investments related to development projects, subsidies for investments, development and setting-up of enterprises.

Development projects

are temporary undertakings in accordance with the programme, entailing the preparation of a plan and involving several gainers.

Time scale: In wide sector development projects the period of implementation is maximum five years, in other projects maximum three years. However, the period may be extended by maximum a year, based on a justified application.

Beneficiary: Support for a development project may be granted to a natural person, several natural persons together, or to a private or public community. Support is granted to a private or public community if the activity to be supported is essentially linked to the tasks or to the business idea of the beneficiary, and the community is considered to have adequate prerequisites for the implementation of the project to be supported. Support may not be granted as operative support.

The following can be accepted as eligible costs of development projects:

1. reasonable salaries or fees of an employee or expert hired for studies and planning
2. supplementary operational costs due to the utilisation of the community's fixed assets or stocks for studies and planning or for the implementation of development project
3. material costs and rents due to the organisation of training and implementation of development project
4. reasonable salaries and fees of organisation of training

5. reasonable salaries and fees of experts

The acquisition, modification and improvement of fixed assets which are related to the development project and necessary for its implementation can be approved as follows:

1. construction, extension and renovation of buildings
2. small scale acquisition of equipment and machinery
3. constructions and routes

Support shall not be granted for acquisition of land.

However, support may be granted for the acquisition of real estate or part of it, if the building situated in the plot of land acquired forms main part of the value of the holding and is necessary for the implementation of development project, and the beneficiary presents particularly valid grounds.

Support for enterprises

Investment aid can be granted to an entrepreneur or a enterprise involved in the development project which together with farm entrepreneurs or enterprises forms a part of the processing, delivery or marketing chain for products or services. *Investment aid* can be granted for acquisition, modification and improvement of tangible assets necessary in the business. Retail trade operations are not eligible for the aid. If the applicant is other than

an enterprise operating on or an enterprise operating from such holding, the main part of the chain must consist of such enterprises, in order to enable the granting of aid to the company in question. Other grounds of eligibility are the same as in Chapter 9.3.1.

Subsidy for setting up an enterprise or subsidy for development may also be granted to an entrepreneur or enterprise participating in the development project. *Setting-up aid* is granted for maximum three years of setting-up, each year consisting of 12 months. Support is granted to the expenses due to hiring of employees, based on real cost.

Development support is granted for additional operational costs due to development activities, to salaries and expenses due to planning, studies and expert assistance, or costs due to participation in training, and other work related to implementation accrued by the company.

Diverging from the above, company setting-up and development support may be granted for an applicant entitled to investment aid in accordance with Article 4 of Regulation (EC) No 1257/99, although the company concerned does not participate in the development project or is not involved in the distribution, processing or marketing chain.

Setting up of farm relief and farm management services (I)

Gainers: Farmers, rural entrepreneurs

Beneficiaries:

One or several natural persons, private and public communities or foundations

Objectives:

The aim is to enhance the profitability of agricultural holdings and rural enterprises by encouraging collaboration in different areas of farm management. These include the use of technology and machinery, cooperation in production, networks in e.g. marketing, and collaboration related to farm management. The aim is to create flexible arrangements of farm relief, substitute and work force use as well as service entrepreneurship for the needs of rural enterprises. In agriculture, farm relief is still managed through the current national system.

Examples of projects:

- feasibility studies of machinery networks and contracts
- establishment and setting-up of machinery networks, cooperation in production, enterprises supplying services of economic management to farms, promotion of networking
- studies and development projects related to the above, including market studies
- setting-up of enterprises and collaborating networks supplying farm relief services to rural enterprises

The support is granted as development support for development projects and as setting-up subsidy for the setting-up of the above organisations. Investments are financed as investments in agricultural holdings (measure a) or as nationally financed investments in agricultural holdings.

Grounds of eligibility: See the beginning of Chapter 9.3.4.

The outputs of each measure are listed in Annex 11.

Basic services for the rural economy and population (n)

Gainers: Inhabitants of rural areas

Beneficiaries:

One or several natural persons, private and public communities or foundations, inter alia, local action group or village association

Objectives:

Considering the viability and attraction of rural areas and villages, it is important that the infrastructure is in good shape and services are functional. The measure does not replace the financing of duties related to the state or municipal sector. Instead, it secures indispensable rural services in sectors or sparsely populated areas where the services are not available otherwise.

The aim is to implement projects which develop new, efficient modes of operation in order to secure services. These may be e.g. multi-service points which would be established in villages and combine different functions including training, leisure activities, information centre activities, care, movement and hiring services.

Examples of supported measures:

- diversification and new forms of services
- development of cooperation between enterprises and other service suppliers
- securing of basic services including the development of multi-service points and mobile, ambulatory or telematic services
- care services
- meal and cleaning services
- development of energy, water and waste management in villages

Grounds of eligibility: See page 70.

The outputs of each measure are listed in Annex 11.

Renovation and development of villages and protection and conservation of the rural heritage (o)

Gainers: Inhabitants of rural areas

Beneficiaries:

One or several natural persons, private and public communities or foundations, inter alia, local action group or village association

Objectives:

For the development of villages it is important to not only maintain the current inhabitants, but to get new ones. It is also important that inhabitants enjoy living in the village environment and community. The measure encourages rural inhabitants to develop their own environment. All population and age groups are taken into consideration in the development. This measure aims at an increased attraction of village environment, as well as at the creation of a company-friendly atmosphere, which lays ground to the expansion of the income base of villages and increased economic cooperation. This can be aimed at, inter alia, by enhancing the conditions of teleworking.

The conservation and maintenance of cultural heritage in rural areas is important to the village identity, and subsequently, to the attraction of village. The cultural heritage can also be utilised in economic activities, which creates new employment opportunities in the area.

Examples of supported measures:

- development of intra- and inter-village cooperation and information
- activation of local communities and village inhabitants
- development of cultural and leisure activities
- stimulating the rural culture of region
- recording and presentation of local history and tradition
- management of cultural environment and buildings which are important to the landscape
- renovation of village's joint buildings supplying many services and activities
- preparation and implementation of village development plans
- preparation and implementation of village landscape management plans
- enhancement of environmental attraction
- water protection and renovation of waterways
- improvement of small roads in rural areas

Grounds of eligibility: See page 70.

Support may not be granted for the costs which have been supported on the basis of Horizontal Rural Development Plan.

The outputs of each measure are listed in Annex 11.

Diversification of agricultural activities and activities close to agriculture (p)

Gainers: Rural entrepreneurs

Beneficiaries:

One or several natural persons, private and public communities or foundations, e.g. local action group, advisory organisation, entrepreneurs' association

Objectives:

The aim is to diversify the economic structure of rural areas by creating opportunities for enhanced, developed and increased competitiveness of existing rural enterprises, as well as for the establishment of new enterprises.

The most important sectors are processing of foodstuffs (excluding investments of improving processing and marketing of agricultural products), collected products and organic products (excluding investments of improving processing and marketing of agricultural products), nature based business information technology, as well as subcontracting and part supply for metal, plastic and electronic industries. However, all sectors are included in the development, except for wood processing, tourism and crafts enterprises.

Examples of projects:

- development projects related to diversification of economic activities
- product development and marketing
- creation of production chains and networks as well as other encouragement to cooperation between enterprises
- studies and counselling projects related to non-wood forest products
- projects related to quality improvement (quality systems, enhancement of quality competence)
- expert services required by companies
- promotion of entrepreneur competence
- company development and investment activities
- technology development and implementation

Grounds of eligibility: See page 70.

The outputs of each measure are listed in Annex 11.

Encouragement for tourist and craft activities (s)

Gainers: Tourism and crafts entrepreneurs

Beneficiaries:

One or several natural persons, private and public communities or foundations, e.g. local action group, crafts, entrepreneurs' or village association

Objectives:

The aim is to diversify the economic structure of rural areas by creating opportunities for enhanced, developed and increased competitiveness of existing enterprises producing leisure, recreational, rural tourism and crafts services, as well as for the establishment of new enterprises. The focus is on product development and other development activities which aim at an increased accommodation capacity utilisation rate of rural tourism and support the extension of season, as well as on the development of cooperation networks of crafts and tourism enterprises.

Examples of projects

- development of programme and recreational services based on rural resources (e.g. equestrian sports, fishing, culture)
- product development of recreational and tourism services as well as arts and crafts products
- development of fishing tourism
- development of cultural tourism
- joint marketing and participation in joint marketing
- development of quality and quality competence
- development of cooperation between programme services tourist destinations
- promotion of entrepreneur competence
- enhancement and development of tourism framework

Grounds of eligibility: See page 70.

The outputs of each measure are listed in Annex 11.

10. NEED FOR STUDIES, DEMONSTRATION PROJECTS, TRAINING OR TECHNICAL ASSISTANCE OPERATIONS

The administration, implementation, monitoring and information of the programme require resources from the Ministry of Agriculture and Forestry, which is the administrative and paying authority, as well as from the Employment and Economic Development Centres, which are responsible for the implementation at a regional level. These activities will be financed with technical assistance from national resources, which is not part of the financing of the rural development plan proper. The assistance will be used for the planning, development and maintenance of systems required in the planning, monitoring, control and reporting of support systems. Technical assistance will also be used when informing about the financing possibilities, application procedures, contents of funded projects and achieved results of the programme and different measures. Especially in the first years of the programming period, priority will be given to the activation, counselling and guidance of potential applicants. The opportunities offered by information technology will also be utilised in information. Also, the fluency of programme implementation requires the training of potential applicants, authorities, and especially project leaders in order to guarantee the quality of project planning, implementation, monitoring and reporting.

National funding is allocated for this kind of technical assistance. The assistance may be used, inter alia, for the salaries and social charges of temporary personnel and expert fees, the acquisition of data processing equipment, the production of information and training material, as well as for information costs and rentals.

The Ministry of Agriculture and Forestry prepares an annual training plan for the subordinate administration, and the plan accounts for the objectives, contents and target group of each

training period in detail. Technical assistance is not used for the costs of officials participating in these training programmes.

The Ministry of Agriculture and Forestry and the Employment and Economic Development Centres use technical assistance to have studies and surveys carried out in order to promote programme implementation. At the initial stage of programme implementation, quantitative and qualitative information may be acquired on the state of rural economic activities in order to lay the foundation for decision-making and monitoring. Sector surveys may also be carried out. Since studies, surveys, interviews and project investigations provide information on the quantitative and qualitative results and impacts of the programme, the gained information may be used to redirect the implementation of the programme if needed. Information on successful implementation practices can be disseminated for wider use.

Studies, surveys and interviews as well as other investigations will be used in the actual evaluation process. Ex ante, mid term and ex post evaluation of the programme will be financed with national funding.

The actual demonstration projects will not be funded out of the Regional Rural Development Plan. Instead, the fact that each development project informs about the operation and results of the project will be given attention. In addition, the Ministry of Agriculture and Forestry and the Employment and Economic Development Centres may draw up brochures and newsletters presenting projects that have succeeded.

The decisions on the use and paying of technical assistance will be made by the Ministry of Agri-

culture and Forestry, with the exception of technical assistance to be used at regional level, which is subject to funding and paying decisions made by the Employment and Economic Development

Centre within the power of authorizations and estimated appropriations it has been assigned. The measures of technical assistance can be covered by 100 per cent public funding.

11. DESIGNATION OF COMPETENT AUTHORITIES AND BODIES RESPONSIBLE

The administrative and paying authority of the Regional Rural Development Plan is the Ministry of Agriculture and Forestry. The practical implementation of the programme is provided by the rural departments of the Employment and

Economic Development Centres. The duties of the EAGGF-G paying agency are performed by the Ministry of Agriculture and Forestry and its Information Centre (TIKE).

12. PROVISIONS, FOR IMPLEMENTATION OF THE REGIONAL RURAL DEVELOPMENT PLAN INCLUDING MONITORING AND EVALUATION, ARRANGEMENTS FOR CONTROLS AND SANCTIONS AND ADEQUATE PUBLICITY

12.1. Ex ante evaluation

Finnish Regional Research (FAR) was requested to give an external ex ante evaluation on the Regional Rural Development Plan, and FAR carried out the evaluation in collaboration with Fin-Auguuri Oy (Annex 12). The evaluation has been carried out by an external evaluator and it has been drawn up in accordance with Council Regulation (EC) No 1257/1999, and Commission Regulation (EC) No 1750/1999, as well as with the guidelines concerning evaluation (DOC VI/8865/99REV). The ex ante evaluation focused especially on the evaluation of the strategy of the plan and on the consistence of its objectives. Evaluation methods are mainly based on comparison and inference. The evaluation concerns the draft rural plan dated 30 August 1999. Quick amendments have been made in accordance with the draft dated 27 September 1999.

Due to a limited period of evaluation, the strengths of the draft plan have not been presented separately.

The selection of measures chosen for the implementation of development plan was considered appropriate by the evaluators. When choosing the measures, the experience gained during the previous period has been utilised. According to the evaluators, the selection of measures in Objective 2 areas and in rural areas outside it supports the successful development of rural areas.

The use of local action groups as implementation instrument of priority 3 is considered justified, and the perception of the role of these

groups is considered correct. Considering the experience of the current programming period, the use of theme programmes in the development of economic activities and the setting-up of regional know-how centres is also considered justified by the evaluators. There is a risk that the funding of regional centres becomes easily organisation centred and not operation centred.

The improvement propositions of the evaluation focus on the strategies, objectives and means of the draft being better coordinated, a regional viewpoint being taken into consideration better, and a viable set of indicators being created.

The strategy of the Regional Rural Development Plan is written in a shorter way than in objective programmes. The preparation phase of the plan has implicated awareness of the fact that its measures cannot guarantee viable rural areas if other social development policy does not sufficiently support the development of rural areas. The plan has been written in accordance with Commission Regulation (EC) No 1750/1999, and the measures have been restricted to those presented in the regulation. Thus, the description of the current situation and the strategy of the plan have also been drawn up so that they correspond to the set of measures.

The Regional Rural Development Plan is a combination of the plans which the Employment and Economic Development Centres have prepared in their regions and in collaboration with regional players. It could thus be characterised as a summary or framework within which each region can implement its own development plan.

The plan does not include descriptions of individual regions prepared by each Employment and Economic Development Centre. Instead, the dissimilarity between different rural areas has been described by the division of rural areas into four categories. Also, when the plan is implemented regionally, the differences in the degree of development are taken into account by directing most resources to the municipalities of remote rural areas and rural core areas. The resources of each Employment and Economic Development Centre are divided according to the number of inhabitants in remote rural areas and rural core areas. For the promotion of interaction between rural and urban areas as well as for the development of urban adjacent rural areas, the Objective 2 programme is a more significant instrument than the rural development plan.

The coordination of different objective programmes and the relation to national rural development instruments have been taken into account in the administrative model of the programme. The rural division of the Regional Management Committee has an opportunity for a wide regional coordination. The coordination of national investment aids of agriculture with the priorities of this programme as well as the further coordination with other objective programmes can be included in the rural development plans prepared by the Employment and Economic Development Centres.

The evaluators consider that the share of village projects is high. Village projects are not merely community, housing or environment projects, but they have an important role in the development of economic activities in rural areas. On the other hand, the attraction of living in villages and subsequently, attracting new inhabitants to villages have been highly prioritised, because this is a way to support the materialisation of demographic objectives.

The comments of evaluators have been taken into account also by making the text and the descriptions of measures more precise.

12.2. Implementation, monitoring and evaluation

12.2.1 Publicity and implementation

The Regional Rural Development Plan will be published in printed form after it has been approved by the Commission. The provisions and stipulations related to the implementation of the supports included in the development plan will be published separately in accordance with the stipulations concerning publicity.

The aim of publicity activities will be to present the opportunities provided by joint aid measures taken by Finland and the European Union, particularly in developing remote and core rural areas lying outside Objective 1 and to introduce project financing opportunities to those who are active in the area.

The general information of the programme will be the responsibility of the Ministry of Agriculture and Forestry. Public information at regional level will be managed by the rural department of the Employment and Economic Development Centres, regional management committee and rural development subcommittee, and by various organisations, each in its own sphere of operations.

The Ministry of Agriculture and Forestry will compile a provisional plan for publicity at national level concerning the entire programme period 2000-2006. This plan will be specified through publicity plans compiled annually.

The rural departments of Employment and Economic Development Centres will compile their own publicity plans. Effective division of responsibilities between regional and national administration will be ensured through advisory and training events.

The publicity plan will include the objectives and target audiences for information, the implementing parties, the responsible parties, a cost

estimate and the principles governing evaluation of the measures implemented.

The Ministry of Agriculture and Forestry will compile a provisional plan for publicity at national level covering the entire programme period 2000–2006. This plan will be specified through publicity plans compiled annually.

The information concerning the EU part-funded support included in the plan and the related application procedures are communicated separately and in connection with the support funded from structural fund programmes as well as with national rural development support scheme which corresponds to the support scheme of the plan. At the beginning of programming period, the Ministry of Agriculture and Forestry publish a guidebook for the application of rural programme's EU support, which is revised during the programming period when necessary. The aim is to utilise different administrations' web sites when communicating information about support.

The implementation of development plan requires extensive training, advising and information of support applicants and rural departments at the Employment and Economic Development Centres. Each year the Ministry of Agriculture and Forestry prepares a training programme and an information plan for its administration and other bodies participating in the implementation of the plan. Correspondingly, the Employment and Economic Development Centres draw up their own training plans for, inter alia, local authorities and the bodies which apply for projects in connection with programme implementation.

The duty to provide information will also extend to individual projects. Applications for funding will have to include an information plan as part of the project plan and reports on its implementation will be required in the interim and final project reports. The projects will compile a

single-page brochure on their own work once a year for the local Employment and Economic Development Centre, which shall in turn include this brochure in the materials which it circulates to the media, to partners, to donors and to other parties.

12.2.2 Application procedure

For the application of support included in the plan, application forms with annexes and instructions are available at the Employment and Economic Development Centres as well as at the Ministry of Agriculture and Forestry. The forms and instructions are confirmed by the Ministry of Agriculture and Forestry. Customers can obtain them both in electronic and paper versions.

Support application must be sent to the Employment and Economic Development Centre of the area in which the rural enterprise is situated. Applications concerning a development project must be submitted to the Employment and Economic Development Centre of the area in which the development project is mainly intended to be implemented. Support can be applied for throughout the year if there is no specific reason to limit the application period.

The project may be started when the application process has started, after the applicant has submitted the actual financing application to the financier.

12.2.3 Financing decisions

The rural department of the Employment and Economic Development Centre makes a decision on the granting of support within the authorizations (EAGGF and State funding) which have been accorded by the Ministry of Agriculture and Forestry and which are included in the State budget. For the funding of extensive projects which exceed the boundaries of Employment and Economic Development Centres, the Ministry of Agriculture and Forestry does not allocate

a certain share (10 %) of resources reserved for the financing decisions, and from this share, the Ministry considers each project separately and detaches authorizations to the Employment and Economic Development Centre which makes the financing decision of joint projects. Detaching the funds is based on joint proposals of the Employment and Economic Development Centres. When financing projects which concern essentially cultural heritage or vocational art and cultural institutes, the Employment and Economic Development Centres must hear State Provincial Offices.

A local action group participates in the implementation of rural programme with its own programme. The rural department of the Regional Management Committee evaluates the programme, and if approved, it accepts the local action group a one-year financing framework, which includes the administrative allowance of action group work. Each year the programme of local action group is checked with an action and economic plan, on the basis of which the financing framework will be defined. Project proposals implementing the programme of the local action group are submitted to the local action group, which processes the proposals and gives a statement to the Employment and Economic Development Centre. The rural department of the Employment and Economic Development Centre makes decisions on project financing continuously. The Employment and Economic Development Centre may grant subsidies from the financing framework allocated for the local action group only in the case of beneficiaries that the local action group has supported for funding.

When preparing the decision, the Employment and Economic Development Centre takes into account the national and EU legislation concerning the eligibility criteria of support as well as the financing framework available. The decision on the granting of support is sent to the beneficiary, to the address indicated in his application form.

In development projects, financing decisions can be made either separately for each year of implementation or, for justifiable reasons, for a maximum of three years at a time. In enterprise actions (investments, development subsidy, setting-up subsidy) the financing decision is made for the entire implementation period of the activity.

12.2.4 The applicant's right of appeal

A decision concerning the granting and payment of support may be appealed to the Board of Appeal.

12.2.5 Payment of support

Decisions concerning the payment of support are made by the rural departments of the Employment and Economic Development Centres, who send the payment documents based on the decisions to the Information Centre of the Ministry of Agriculture and Forestry (TIKE). Prior to sending the payment documents the rural department sends the updated data of the decision concerning the approval of the decision of expense in question to the central register, and the subsequent payment message is compared to this data. The payments are approved according to provisions concerning the paying agency of the Guarantee Section of the EAGGF. When the payment has been approved based on the said provisions, the payment is made and entered into the books by the Information Centre of the Ministry of Agriculture and Forestry.

Provisions of payment

The support is paid on the basis of an acceptable declaration of expenses submitted by the applicant, or concerning advance payment, on the basis of an estimate. The presentation of original receipts, copies of these or a certified declaration of the receipts are considered to be an acceptable declaration of expenses. A reliable written declaration which meets at the minimum the following requirements can be accepted:

1. each item of expense must be presented separately in the declaration and it must be specified with the related number of receipt and date of payment;
2. for each item of expense, it must be made clear which project it is related to, which payment entitling to support it concerns, to whom the payment has been made, and if the payment in question has been paid in advance by the applicant;
3. concerning each item of expense presented in the declaration, a potential value-added tax included in the item must be specified;
4. a declaration of the item's grounds of eligibility required by the rural department of the Employment and Economic Development Centre, if they are not to be seen in the above mentioned declaration; and
5. a certifying statement made by an authorised auditor or auditing body, or by an authorised accountant or accountancy firm once a year that the expenses presented in the declaration are in accordance with the receipts presented in these.

In construction activities, the financing decision is based on the standard cost estimate or other cost estimate approved by the rural department of the Employment and Economic Development Centre. The Ministry of Agriculture and Forestry confirms the grounds of standard cost estimate annually.

The setting-up subsidy for salary costs is paid based on original receipts concerning salaries and related costs, copies of these or based on a certified declaration which meets the requirements presented above.

Period of application of payment

Payment must be applied for at the latest three months after the period of implementation granted for the development or enterprise activity has expired.

Payment of support

Support granted for a development project is applied for annually in three instalment including the potential advance payment. Maximum 30 % of the annual aid may be paid in advance. Advance payment is mainly granted for such non-public communities which have activities that can be considered indispensable for the maintenance of widespread and spontaneous rural development. Such bodies are e.g. associations of general usefulness, organised village committees and local action groups. If advance payment is applied for, the need for advance payment must be specifically justified, and if the Employment and Economic Development Centre demands, the applicant must give a warranty or an own debt guarantee in order to secure the appropriate use of advance payment. The applicant of the advance must also present a declaration on the temporary funding of project.

Payment on the grounds of accrued costs is applied for as follows:

1. by the end of March at the latest for costs accrued by the end of December of the previous year,
2. by the end of September at the latest for costs accrued by the end of June of the same year and
3. the last payment at the latest three months after the period of implementation assigned to the decision in question has expired

If the project has been granted advance payment, the following payment can be applied for when the costs accrued correspond to the advance payment and the second instalment. In connection with the payment application, the beneficiary gives a declaration on the use of resources as well as reports on the achievement of result objectives.

When applying for any payment, other actual funding, such as municipality funding, other public and private funding (including contribution in kind) must be presented.

Subsidy granted for the construction investments of enterprise and development projects is paid no more than five instalments according to the building's stage of completion on the basis of the realised costs. The last instalment will not be paid until the building has been completed.

Subsidy granted for other than construction investments is paid based on the accrued costs in no more than two instalments for relatively small projects and no more than four instalments for larger projects, when the property has been paid in totality and the ownership has been assigned to the applicant.

Enterprise development subsidy is paid subsequently based on the accrued costs in no more than two instalments for relatively small projects and no more than four instalments for larger projects.

Setting-up subsidy is paid subsequently, in no more than two instalments annually.

Contribution in kind

Contribution in kind can be approved to be included in national funding if the following requirements are met:

When making a financing decision, the decision-making body approves the plan on the use of contribution in kind presented by the applicant. The contributions in kind must meet the general requirements of eligibility. A permission given to the project to use real estate, fixed assets and raw material as well as voluntary work may be approved as benefit in kind. Voluntary work is accepted to be included in costs and funding only in projects of so called general usefulness, not in enterprise activity. A decision of the Ministry of Agriculture and Forestry will define more precisely the concept of eligible voluntary work, the maximum unit prices of eligible work, the maximum amount / project, and the maximum share of voluntary work in private funding. A separate follow-up must be carried out

concerning benefits in kind, and this follow-up must show the quality of what has been performed, unit and total price, time and by whom it has been performed.

12.2.6. Bookkeeping and accountancy system

Support is granted on the condition that the beneficiary carries out separate bookkeeping on the activity which is supported and in accordance with this decision. However, obligation of separate bookkeeping does not exist, if the supported activity is related to the operation of the enterprise, and its implementation and the accounting of its funding can be presented on an account of its own in the bookkeeping of the enterprise or other enterprise in such a manner that its controlling is possible without difficulties. The beneficiary must keep all the receipts related to the implementation of supported activity in such a manner which enables their controlling without problems. Bookkeeping and the related material must be kept as laid down in Bookkeeping Act, 9 and 10 § (1336/1997), however, minimum three years after the programme has ceased concerning Community funded support.

Concerning the appropriations in the State bookkeeping, the administrative bookkeeping of support funds is realised through the bookkeeping system of the Information Centre of the Ministry of Agriculture and Forestry.

The documents related to the support are kept as required by the EU.

12.2.7. Monitoring and evaluation of programme and measures

For the monitoring of programme implementation, the Ministry of Agriculture and Forestry appoints a monitoring group. The monitoring group consists of representatives from cooperating ministries (Ministry of the Interior, Ministry of Trade and Industry, Ministry of Labour, Ministry of Social Affairs and Health, Ministry of

the Environment, Ministry of Education), the rural departments of the all Employment and Economic Development Centres, representative from Regional Councils and local action groups as well as organisations and other bodies which are essential from the rural development point of view. The monitoring group acts as an advisory body and its task is to monitor the progress of the programme with the help of reports and evaluations, to propose programme changes and to distribute the resources regionally. The officials of the Ministry of Agriculture and Forestry act as secretariat and prepare the proposals for the monitoring group. Final decisions on the issues and propositions on the issues submitted to the Commission are made by the Ministry of Agriculture and Forestry on the basis of the dealings of monitoring group.

For the monitoring of regional programmes, a rural sub-committee will be established in connection with the Regional Management Committee on the proposition of the rural department of the Employment and Economic Development Centre. The division will be chaired by the head of the rural department. The task of the division is to monitor the progress of programme implementation, to handle programme amendments, and to coordinate the views, operations and funding of different financiers and players to create an appropriate unity in order to develop the rural areas of the region according to the regional development strategy. The rural sub-committee reports to the Regional Management Committee on the annual need of EAGGF Guarantee funding and actual funding. Concerning the parts which contribute to the implementation of Regional Rural Development Plan, the rural sub-committee approves the funding of local action groups' development programmes.

The monitoring of the implementation of measures is mainly carried out through the register concerning rural development projects as well as through the bookkeeping system. In order to improve monitoring, the existing Hanke system

and paying system will be revised so that the new regulation on support for rural development EC N:o (1257/99) and on its implementation EC N:o 1750/99) as well as the requirements of the EAGGF Guarantee Fund on the organisation of monitoring can be met. If necessary, support in the form of loan may be assisted by the Rahtu system. Summaries of paid amounts of support and accomplished activities can be obtained with the help of information systems in accordance with the monitoring indicators presented by the Commission. The development and implementation of required IT applications is provided by the Ministry of Agriculture and Forestry with the assistance of its Information Centre.

The monitoring of evaluation indicators is assisted by information, samples and studies recorded in computer system.

The computer systems concerning the monitoring of implementation of measures are prepared in order to enable the comparison of information on activities in accordance with the regulation on support for rural development EC N:o (1257/99) with information collected within objective programmes of other authorities (especially Objective programmes 1 and 2) and within projects funded from Community initiatives.

12.2.8. Acts, Statutes and administrative provisions

The Regional Rural Development Plan is implemented in accordance with national Acts and regulations of lower degree based on the Acts.

Act on Rural Industries Financing (329/1999, amended 44/2000) is the framework act of both EU part-funded and national support schemes, which concerns both the programme activities and support schemes related to rural programmes, authorities, control, reimbursement and provision of information as well as other corresponding issues which affect citizens' rights.

If necessary, detailed provisions on the implementation of the act are given through the Statutes of the President, the Council of State and the Ministry of Agriculture and Forestry as well as through the Decisions of the Council of State and the Ministry of Agriculture and Forestry. In the Statute of the President / the Council of State on rural development (609/2000) there are prescriptions concerning beneficiaries, eligibility criteria, maximum support amounts, payment and monitoring. The Decision concerns agricultural holdings as well as other enterprises and rural development projects.

The Ministry of Agriculture and Forestry provides further provisions on the procedures of rural development measures and the related supports.

Concerning investments in forest management and improvement related to forestry as well as support for ecological management projects as laid down in Article 32 of the Regulation, the support is granted on the basis of the Act on the Financing of Sustainable Forestry (1094/1996) and the Statute on the Financing of Sustainable Forestry (1311/1996).

Concerning controlling which is due to the implementation of common agricultural policy funded by the EAGGF Guarantee section, and the extension of corresponding schemes to cover the administration of rural development measures, the Act on the Implementation of the European Community's Common Agricultural policy (1100/1994) is observed. For measures financed by funds from the Development Fund of Agriculture and Forestry Act (657/1996) and Regulation (1754/1995) on the Development Fund of Agriculture and Forestry will be applied.

12.3. Controls and sanctions

The Ministry of Agriculture and Forestry is responsible for the control of rural development measures of the Regional Rural Development

Plan. In the control the Ministry of Agriculture and Forestry may request the assistance of rural departments of Employment and Economic Development Centres or authorities of another sector, provided that the responsibilities and their extension is agreed on separately between the Ministry of Agriculture and Forestry and the ministry concerned.

12.3.1. Checks on the spot

The control of the development measures presented in the programmes consists of several phases. The control will be conducted with administrative and on-the-spot checks. The administrative and on-the-spot checks will be conducted so that the compliance with the eligibility and payment criteria for support is secured and the effectiveness and appropriateness of implementation is verified. The rural departments of the Employment and Economic Development Centres have been charged with part of the control responsibilities. The Ministry of Agriculture and Forestry gives instructions for the implementation of control to rural departments.

Administrative checks

According to Article 47 of the Commission Regulation (EC) No 1750/1999, the administrative checks include:

- checks to be carried out in connection with the handling of support application, and if necessary, the related on-the-spot checks in order to verify the compliance with eligibility criteria;
- checks to be carried out in connection with the handling of each payment application, and if necessary, the related on-the-spot checks in order to verify the compliance with the criteria and provisions of support payments;
- cross-checks, inter alia, in order to reveal the unfounded overlapping of supports.

Administrative checks, excluding cross-checks, will be conducted by the rural departments of

the Employment and Economic Development Centres. As part of the implementation of support system, the rural departments control the compliance with the eligibility criteria and the correctness of payment grounds with administrative checks when making each support and payment decision. The checks are conducted in accordance with check-lists confirmed for this purpose. The Ministry of Agriculture and Forestry gives instructions on administrative checks to the rural departments.

Cross-checks will be conducted by the Ministry of Agriculture and Forestry, which may request the assistance of the rural departments of the Employment and Economic Development Centres when carrying out studies.

On-the-spot checks

The checks imply that the eligibility of expenses related to the measures presented in the programme as well as the fulfilment of all the obligations and commitments of the beneficiary due to the measures presented in the programme are checked. In addition, the correctness of support and payment decisions is checked, which also contributes to the verification of the functioning and effectiveness of administrative and control system. The checks are conducted in accordance with check lists confirmed for this purpose.

On-the-spot checks can be conducted on the following grounds:

- random sampling based on risk analysis;
- cross-checks or
- additional control based on discretion and other specific reason.

The sanctions of the beneficiary can only be decided based on an on-the-spot check.

Beneficiaries who have been paid support during the sampling period are subject to biannual sampling which is made separately for each measure. The annual control sample is at least 5 % of

beneficiaries referred to in this programme. In addition, there is a control sample consisting of beneficiaries who have not had payments during the previous sampling periods. A sampling period is the period between two samples. The Ministry of Agriculture and Forestry selects the beneficiaries to be checked centrally and based on separate risk analyses for each development measure. The risk analysis takes into account, inter alia, the amount of paid support, observations during previous checks and the progress of supported measure.

On-the-spot checks based on sampling cover all the rural development measures presented in the programme. The assistance of the Information Centre of the Ministry of Agriculture and Forestry is used when sampling.

The Ministry of Agriculture and Forestry is responsible for the organisation of on-the-spot checks of rural development measures presented in the programme and the related instructions. The Ministry of Agriculture and Forestry may request for the assistance of the rural departments of the Employment and Economic Development Centres as well as other authorities.

The support which the beneficiary receives for the rural development measures presented in the plan is not based on the number of animals or area, and thus the integrated administration and control system (IACS) is not used in the control.

The beneficiary subject to an on-the-spot check shall be informed in advance so that he can fulfil the beneficiary's assistance and information obligations which contribute to the appropriate conduct of the check. However, according to the discretion of the authority conducting the check, the check can be conducted without advance information or during 48 hours after the information at the latest, if this is considered indispensable in order to secure the purpose of the check.

Should shortcomings or irregularities be found during the check, the related observations shall be notified to the authority which grants the support, makes the payment decision, and is competent to take measures required in the rules for the reimbursement of support and imposition of eventual sanction.

12.3.2. Control of measures

In the control it shall be verified that the project or activity meets all the eligibility requirements related to rural development measures as stipulated in national or European Community provisions and in stipulations based on these provisions, and that it has remained eligible. In addition, it shall be verified that the project does not receive unfounded overlapping supports.

In the control it shall also be verified that the projects and measures to be checked do not violate the relevant competition legislation or legislation concerning public acquisitions, equal opportunities, the environment, and animal welfare, or the stipulations based on the above provisions. The control is conducted and the issues listed are checked in the control as is stipulated concerning each control measure.

The control is carried out and the listed matters are checked in the control according to how it is prescribed for each control activity.

The fulfilment of requirements for the payment of support are checked in administrative checks carried out in connection with the handling of payment application, based on original receipts, copies of these or a confirmed, itemised declaration as laid down in chapter 12.2.5., or a declaration concerning estimated costs.

In the on-the-spot checks defined above, it is also verified that the confirmed declarations presented by the beneficiary are correct and the requirements for the payment of support are met, based on original receipts.

12.3.3. Sanctions

The sanctions related to the support measures of rural programme have been defined in the Act on Rural Industries Financing (329/1999, as amended 44/2000) and in Article 48 (3) of Commission Regulation (EC) No 1750/1999.

According to the Act on Rural Industries Financing, 46 § the payment of support granted based on the said act is ceased, and the support is to be partly or entirely reimbursed, if the support has been used for other purposes than the one it is granted for or the beneficiary has given erroneous information influencing the granting or payment of support or proceeded otherwise in a dishonest manner.

According to the Act on Rural Industries Financing, 50 § "if the beneficiary has proceeded as laid down in 46 § 1, the amount to be reimbursed may be increased no more than 20 per cent, or in the case of an extremely gross procedure by no more than 100 per cent."

False declaration

According to Article 48(3) of Commission Regulation (EC) No 1750/1999, "Where it is found that a false declaration has been made as a result of serious negligence, the beneficiary in question shall be excluded from all rural development measures falling under the relevant chapter of Council Regulation (EC) No 1257/1999 for the calendar year in question. In the case of a false declaration made intentionally, he shall be excluded for the following year as well. This penalty shall apply without prejudice to additional penalties provided for under national rules."

If a beneficiary of support in accordance with the plan is found to have made a false declaration as a result of serious negligence, the support granted in accordance with the concerned chapter of Council Regulation is not paid for the year when this is detected. If a beneficiary has re-

ceived support in earlier years based on false declaration (both serious negligence and intentionally), the beneficiary shall reimburse the support received on false grounds, and he shall be excluded from the support granted in accordance with the concerned chapters of Council Regulation for two years. The decision on these measures shall be made by the Employment and Economic Development Centre which has also made the decision on granting support.

Reimbursement or termination of support

In addition to what is prescribed in Article 1 of the Act on Rural Industries Financing, the payment of support may be terminated and order can be given to reimburse it in part or entirely, if

1. support has been granted or paid on false grounds
2. during the five years which follow the payment of the last instalment of support, the beneficiary has, without a compelling reason, ceased or remarkably cut down the activity entitling to support ,
3. during the five years which follow the payment of the last instalment of support, the beneficiary has, without the consent of the Employment and Economic Development Centre and by other means than through right of inheritance, handed over property entitling to support to a person who does not fulfil the eligibility criteria for support
4. the ownership proportions of general partnerships, limited partnerships, co-operatives or limited companies, which practise farming or business activities and have been granted support, change by other means than through right of inheritance in such a manner that the undertaking cannot be considered eligible for support according to the provision of the Act on Rural Industries Financing,
5. the association is dissolved before six years has elapsed since the support has been granted,
6. the conditions laid down in the support decision or in the document on which the support is based on are not met,
7. the beneficiary refuses to give information, account books or other documents related to the use or control of support to authorities conducting a check which is in accordance with the Act on Rural Industries Financing, or refuses to assist in the conduct of check as necessary,
8. there is another good reason, which is comparable to the above reasons, to cease the support and demand reimbursement.

The decision on the reimbursement of supports and the termination of their payment shall be made by the ministry granting the support. In other cases, the decision on the reimbursement of supports and the termination of their payment shall be made by the Employment and Economic Development Centre. If necessary, the Council of State shall decide the period of time during which the support must be reimbursed.

13. RESULTS OF CONSULTATIONS AND DESIGNATION OF ASSOCIATED AUTHORITIES AND BODIES AS WELL AS ECONOMIC AND SOCIAL PARTNERS

In November 1998 the rural departments of the Employment and Economic Development Centres were asked to begin compiling Regional Rural Development Plans. As the area boundaries in Objectives 1 and 2 were not yet known, the plans were compiled in parallel with the objective programming work in provinces and in their cooperation areas. While the rural departments of the Employment and Economic Development Centres were responsible for leading this work, compiling the plans required extensive horizontal cooperation. In fact the programmes were compiled through teamwork involving experts interested in rural development and interest groups such as other departments of the Employment and Economic Development Centres, Regional Councils, rural advisory centres, forestry centres, local action groups, associations of agricultural producers, sub-regions and municipalities. With respect to environmental aspects in particular, the regional environment centres and the Ministry of the Environment played a pivotal role at regional and national level respectively. Labour market organisations were also involved in the process in some cases (such as the Häme region). An effort was made when compiling the Regional Rural Development Plans to allow for individual regional characteristics and emphases. Guidelines were issued to the rural departments of the Employment and Economic Development Centres by the Ministry of Agriculture and Forestry (ref. no. 5122/24/98), which, for example, included directions on programme processes and on the structure and schedule for the plan. These guidelines also referred to the fact that at central government level the Ministry of Agriculture and Forestry would collate the Regional Rural Development Plans into a plan covering the whole country.

A task force was set up in the region led by the rural department of the Employment and Economic Development Centre, including representatives of the partners referred to above. Comments and statements were also invited from parties not included in the task force. The working method of the task forces was broadly one in which the responsible interest groups each supplied their own points of view on the plan and then the Regional Rural Development Plan was compiled by combining and editing these viewpoints. Regional authorities, including regional environment centres, participated actively in compiling of the Regional Rural Development Plan. The representative of the Ministry of Environment participated the whole planning process. The plans made in the regions contained a great deal of descriptive material regarding the current state of the regions and otherwise broadly consisted of the same elements as exist in the Regional Rural Development Plan.

Efforts were also made to construct the Regional Rural Development Plans in a manner most compatible with the objective programming work in provinces or with regional development plans. The regional programmes are largely based on preparatory work performed at sub-regional level, and so provision of information, training and advice to organisations, developer parties, coordinators and potential beneficiaries in the sub-regions was important.

The national rural development plan provides the broad policy guidelines within which the regions work. Thus at the stage of circulating drafts for comments the regions had an opportunity to influence the Regional Rural Development Plan so as to enable them to implement

their own plans. This was also confirmed by the circulation for comments.

Continued cooperation is intended with the parties involved in preparation cooperation in the regions. A regional point of view will be ensured when implementing the programme through rural development subcommittees set up under the cooperation groups of provinces for implementing and monitoring programmes. The work of the subcommittee includes harmonising the view of various donors and other operators, the measures taken and funding to form an expedient package for developing the rural areas of the region in line with the provincial development strategy. In addition to this, the Ministry of Agriculture and Forestry disburses funds to Employment and Economic Development Centres as a lump sum for decision-making. It is the rural departments of the Employment and Economic Development Centres which make financial decisions on individual projects.

In August 1999, the draft plan was sent for opinions to the following:

- The rural departments of the Employment and Economic Development Centres of Uusimaa, Varsinais-Suomi, Satakunta, Häme, Pirkanmaa, Southeast Finland, Central Finland, Southern Ostrobothnia, Ostrobothnia and Northern Ostrobothnia,
- The labour market departments of the Employment and Economic Development Centres of Häme, Uusimaa and Varsinais-Suomi
- The business departments of the Employment and Economic Development Centres of Southeast Finland, Uusimaa and Northern Ostrobothnia
- The Forestry Centres of Southern Ostrobothnia, Häme-Uusimaa and Kymi
- The Regional Environment Centres of Southwestern Finland, Pirkanmaa, North Ostrobothnia, Uusimaa and West Finland
- Local action groups: Coastal region's LEADER+, Rieska -LEADER ry, LEADER i Svenska Österbotten, Aisapari, Lakeuden lai-

dalla kestävää kehitystä, Liiveri 2000 - Kove-
tut värikit uudelle vuosituhannelle, Ynnä ja
yhdessä LEADER, Suupohjan seutukunta,
Jyväskylän seudun toimintaryhmä, Kaakkoi-
sen Keski-Suomen toimintaryhmä, Jämsän
Seudun Vesuri ry, Pomoottori ry, POKO ry,
Moottoritie on kuuma, Joutsenten reitti ry,
Ykkösmaaseutu, Aktiivinen Pohjois-Sata-
kunta ry, Karhuseutu ry, Pyhäjärvisseudun Ke-
hittämissyhistys ry, Ravakan LEADER+,
LEADER+ Hämeenlinnan seudun asukasläh-
töinen maaseutuohjelma, Hyrinä LEADER,
Lahden seudun maaseutukuntien asukasläh-
töinen kehittämissohjelma LEADER+, Lou-
naplussa, Jokivarsien uusi kausi, Varsin Hyvä
ry, I samma båt- Samassa veneessä, Etelä-Kar-
jalan Kärki LEADER, Länsi-Saimaa, Pohjois-
Kymenlaakson Leader ry, Kymenlaakson
POMO ry, Etelä-Päijänteen LEADER+, Itäi-
sen Uudenmaan paikallinen kehittämissohjel-
ma, Vår västnylandska saga, Keski-
Uudenmaan kehittämissyhistys KEHU, Länsi-
Uudenmaan kehitys (LUKE) ry and Ykkös-
LEADER

In their opinions, the rural departments of Em-
ployment and Economic Development Centres
had an opportunity verify how well the rural de-
velopment plan of their own area could be car-
ried out based on the guidelines of the Regional
Rural Development Plan. Based on the first
round of opinions, decisions were made on the
guidelines, measures and strategy. Based on 32
opinions received, the programme proposal was
altered.

The Ministry of Agriculture and Forestry asked
for a second opinion on the final proposal of the
working group in September 1999. The follo-
wing were asked for an opinion:

- The Ministry of Agriculture and Forestry:
Department of Forestry, Department of Rural
Areas and Natural Resources, Unit for Sup-
port Policy
- The Ministry of Trade and Industry, the Mi-
nistry of Education, the Ministry of the Inter-

- ior, the Ministry Social Affairs and Health, the Ministry of Labour, the Ministry of Finance, the Ministry of the Environment
- Regional Council of South Karelia, Regional Council of Southern Ostrobothnia, Regional Council of Häme, Regional Council of East Uusimaa, Regional Council of Central Ostrobothnia, Regional Council of Central Finland, Regional Council of Kymenlaakso, Regional Council of Pirkanmaa, Regional Council of Ostrobothnia, Regional Council of Northern Ostrobothnia, Regional Council of Päijät-Häme, Regional Council of Satakunta, Regional Council of Uusimaa and Regional Council of Varsinais-Suomi.
 - The rural departments of the Employment and Economic Development Centres of Uusimaa, Varsinais-Suomi, Satakunta, Häme, Pirkanmaa, Southeast Finland, Central Finland, South Ostrobothnia, Ostrobothnia and Northern Ostrobothnia,
 - The labour Departments of the Employment and Economic Development Centres of Häme, Uusimaa and Varsinais-Suomi
 - The business departments of the Employment and Economic Development Centres of Southeast Finland, Uusimaa and Northern Ostrobothnia
 - The Forestry Centres of Southern Ostrobothnia, Häme-Uusimaa and Kymi
 - The Regional Environment Centres of Southwest Finland, Pirkanmaa, North Ostrobothnia, Uusimaa and West Finland
 - Association of Rural Councelling Centres, The Association of Finnish Local and Regional Authorities, Central Union of Agricultural Producers and Forest Owners, Central Union of Swedish Speaking Agricultural Producers, The Center of Country Women and Homemakers, Finland 4H Association, The Federation of Finnish Enterprises, Finnish Gardening and Horticulture Association
 - Local action groups: Rannikkoseudun LEADER+, Rieska -LEADER ry, LEADER i Svenska Osterbotten, Aisapari, Lounais-Suomen Itsenäiset Maaseutuyrittäjät LSIM ry,

Kantri ry, Seinänaapurien kehittämissyhdistys, POKO ry, Kaakkoisen Keski-Suomen toimintaryhmä, Pomoottori ry, Aktiivinen Pohjois-Satakunta ry, Varsin Hyvä ry, I samma båt-Samassa veneessä, Etelä-Päijänteen LEADER+, ETPÄHÄ ry (Lahden seudun maaseutukuntien LEADER+), Joutsenten reitti ry and Länsi-Uudenmaan kehitys (LUKE)ry

Special attention was asked to be paid to the contents of selected measures, the division of the indicative financial table in different measures, and the relations of rural plan to other programmes to be carried out in the area. The number of opinions received was 48, and the opinions served as basis when making the programme proposal more precise.

Both rounds of opinions revealed matters which have not been taken into account earlier when preparing the development plan. A particularly strong concern was about the relation between the objective programmes and the Regional Rural Development Plan. The opinions also requested the dissimilarities of the areas to be taken into account when implementing the plan.

In their opinions, the rural departments of Employment and Economic Development Centres emphasised that the dissimilarities of the areas and their own programmes should be taken into account in the plan. They also underlined the importance of the development of economic activities, and wished that the administration of the programme would be as simple as possible in relation to other programme activities.

Other ministries emphasised the coordination of the programme in an administrative model and the composition of the Regional Management Committee, which enables comprehensive regional overall view and information on the development activities of the area.

The Central Union of Agricultural Producers and Forest Owners (MTK) considered that it is

utterly important to prevent depopulation, because rural areas vary - threats being more substantial in some areas than in others.

The local action groups welcomed the fact that the Regional Rural Development Plan offers them an opportunity to act. They also evaluated

the suitability of matters which are relevant to action groups and their work.

The opinions paid attention to the same issues as the evaluation. In chapter 12.1. we have clarified the impact of these issues on the preparation of the Regional Rural Development Plan.

14. BALANCE BETWEEN DIFFERENT SUPPORT MEASURES

Finland will present to the Commission three rural development plans on measures laid down in the regulation on rural areas:

1. Horizontal Rural Development Plan
2. Regional Rural Development Plan for areas outside the Objective 1 programme for 2000-2006
3. Regional Rural Development Plan in Åland.

When planning the programmes to be implemented in continental Finland as laid down in the Regulation on support for rural development, the point of departure has been the good and necessary coordination of agricultural policy and the development measures of rural areas in order to guarantee a well-balanced development in the whole country. General objective of this coordination is to secure the income level of agricultural holdings, to develop the profitability and effectiveness of the production of holdings, to extend the basis for economic activities of rural areas and to maintain the level of services.

During the following programming period, compensatory allowance will be extended to cover the whole country. When implemented as planned, compensatory allowance improves the basic income of farmers in Nordic conditions. Secured basic income is a prerequisite of continued production and investment possibilities. When agriculture is continued with regard to en-

vironmental requirements, the basic settlement of rural areas is secured. Subsequently, the viability of rural areas and the management of cultural landscape are maintained in rural areas.

The planned total amount of agri-environmental support for the entire coming financing period is EUR 1 605.4 million, of which the EU's contribution would be 56 %. The agri-environmental support will continue the positive environmental impacts which the previous agri-environmental programme had, especially on waterways and groundwater. At the same time, the system guarantees the maintenance of food cleanness and quality at the present high level. The support for organic production complements the projects which promote organic production and which are financed in accordance with Article 33.

The agri-environmental support will also complement other measures implemented in accordance with the Regulation, including village development, landscape management and rural heritage projects, which guarantee that rural areas maintain their attraction as place where people can live, practise economic activities and spend their leisure time.

During the following financing period, the EU part-funded support for early retirement and afforestation of agricultural land will not be applied as EU part-funded measures.

15. COMPATIBILITY AND CONSISTENCY

15.1. Main features

A large proportion of the solutions which cannot be affected by the Regional Rural Development Plan fall within the ambit of extensive rural policy. Efforts will be made to confirm a broad rural policy during the year 2000 through a new comprehensive rural policy programme, the proposals of which will become available for consideration and adoption in October 2000. A large number of representatives of various administrative sectors are involved in preparing this comprehensive policy as well as with researchers and other experts. The prime task in realising the comprehensive programme is to monitor and influence extensive rural policy solutions so that they support a consistent line of progress.

The aim is to achieve a development system for the new programme period in which regional development programmes are applied in a manner which is flexible and mutually aware, and efforts are made to adjust the impact of any action of social policy sectors which have regional effects so that it is congruent with regional development programmes. In the previous programme period the means of extensive regional policy and programming policy were still partly in conflict.

The practical arrangements and factual content of this integration are prescribed nationally in a Decision of the Council of State issued pursuant to the Structural Fund Programmes National Administration Act (no. 1353 of 1999) and the Act on Rural Industries Financing (no. 329 of 1999). On the basis of this administrative model act and the draft Decision of the Council of State, the ministries involved in implementing the Objectives 2 and 3 programmes and the Regional Rural Development Plan have cooperated in a Ministry of the Interior working group to

compile standing orders for the regional management committee, including regulations on the duties and operating methods of the regional management committee and its subcommittees which supplement the statutes.

The duties of a rural development subcommittee are:

- 1) To monitor the implementation of the rural programme
- 2) To approve revisions to the rural programme with respect to its area and, if the revision is a substantial one, to submit it to the Ministry of Agriculture and Forestry for approval
- 3) To harmonise the measures contained in the rural programme with other programmes going on within the area in question (i.e. Objectives 2 and 3)
- 4) To specify the selection criteria for projects
- 5) To evaluate and approve the compatibility of the local action group programme with the Regional Rural Development Programme and
- 6) To specify the annual indicative financial framework for the local action group to implement its programme.

The regional management committee approves a cooperation document including the provincial development strategy. It is the responsibility of the rural development subcommittee to prepare this cooperation document insofar as it concerns the implementation of the rural development programme and the need for financing in the area. Particular attention is to be paid in preparation work to the complementary character of measures in various programmes, e.g. arranging the financing of various measures in the sectoral programmes so that the measures form a package which promote rural development.

When implementing the rural development programme, discussions take place in the rural de-

velopment subcommittee and reports are received on the harmonisation of practical work between various programmes, while statements are issued to the Employment and Economic Development Centre on financing of major project packages in which the structural funds are also involved. It may also be agreed locally that consideration of major projects be assigned to the regional management committee proper. The rural development subcommittee reports to the regional management committee on the annual use of rural development programme funding.

The harmonising role of the rural development subcommittee is particularly important in financing local action groups, as the subcommittee may agree not only on the measures to be financed through the actual rural development programme under the Guarantee Section of EAGGF, but also on the segments to be financed through Objectives 2 and 3 or only through national resources.

The composition of the rural development subcommittee is also important for harmonising EAGGF, ESF and ERDF measures. For this reason the Decision of the Council of State issued pursuant to the Rural Industries Finance Act (no 329 of 1999) will stipulate the composition as follows:

- 1) public authorities providing finance in the area,
- 2) regional councils and municipalities,
- 3) parties involved in rural development in the area, such as advisory services, schools, universities and local action groups, and
- 4) representatives of agricultural producers and other possible interest groups.

This composition ensures broad and diverse expertise concerning the target group of projects, the skills potential of the area and its needs for improvement, financial resources and prospects for harmonisation. The public authorities providing finance also includes environment centres

which bring expertise of environmental issues in to the work of the sub-committee.

Efforts will also be made when providing information on the projects of various programmes to promote the harmonisation of programme measures so that, for example, the project information in the rural development programme is also displayed on the FIMOS-site of the Ministry of the Interior. This will facilitate the process of finding cooperation projects while preventing overlapping projects from occurring.

It should also be noted that project groups will be set up at Employment and Economic Development Centres to perform duties such as coordinating and harmonising the EAGGF, ESF and ERDF financing applications which come from the different departments of the Employment and Economic Development Centre.

A secretariat will be appointed for the regional management committee, which will consider the complementary or overlapping character of project applications submitted by various financing authorities, aside from such aspects as enterprise projects.

Harmonisation at national level of the programme content and implementation systems of Regional Rural Development Programme and Objectives 2 and 3 at the planning stage has been arranged so that representatives of the ministry responsible for the programmes and of the principal implementing ministries are present on the programme planning working group. Monitoring of compatibility in the practical implementation of programmes is arranged through programme monitoring committees and the rural programme monitoring group. The rural programme monitoring group includes representatives of the cooperating ministries (Interior, Trade and Industry, Labour, Social Affairs and Health, Environment, and Education), all of the rural departments of the Employment and Economic Development Centres, the management of

the Employment and Economic Development Centres, regional councils and local action groups, together with the principal organisations and other bodies involved in rural development. The representative of the Ministry of Agriculture and Forestry is on the monitoring committee for both Objective 2 and Objective 3.

15.1.1 Other Community policies

The condition for granting support is that the activity or project to be supported meets the requirements for granting and paying aid laid down in Council Regulation (EC) No 1257/1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and repealing certain Regulations as well as in Commission Regulation (EC) No 1750/1999 laying down detailed rules for the application of Council Regulation (EC) No 1257/1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and repealing certain Regulations.

In rural development plans, the objective of sustainable rural development with regard to environmental aspects, receives special consideration. This objective becomes apparent in the Community legislation as well. This is shown by the fact that a remarkable share of Community resources allocated to rural development in Finland will be used for agri-environmental support in accordance with the Horizontal Rural Development Plan. Whereas in the present Regional Rural Development Plan, all measures include a possibility to use the aid also to a operation which is justified for a reason related to environmental protection or conservation of rural environment.

Promoting sustainable development in rural areas is the basic principle of development measures. Increasing environmental awareness and public participation in decisions promoting sustainable development forms part of the entire

project planning, implementation and monitoring process at the local level. As indicators of the state of the environment are included in every project entity, the environmental impacts of a project must be thoroughly considered at the planning stage and monitored at the implementation stage. One notable practical example of the regard for the principles of sustainable development at project level is the package of forestry measures seeking to promote sustainable wood production and the use of wood as an energy source. Development of the entire foodstuffs chain is based on the idea of quality derived from the principles of sustainable development. The notion of local food is one of the main principles for developing local foodstuffs systems. This affects the range of transport and thereby in many ways has an impact on the environment and on the use of non-renewable natural resources as well as the quality of food produced with concomitant benefits to human welfare. The production and processing of organic foodstuffs and the development of their marketing seeks to create a regional production chain which is ecologically, economically and socially sustainable. While the horizontal rural programme promotes organic farming, the Regional Rural Development Plan promotes the processing and marketing of these products.

The aim of the Regional Rural Development Plan is to decrease inequality and to promote equal opportunities for men and women. Consequently, the aim is also to influence the well-balanced development of population, which would entail especially the improvement of employment opportunities for women and young people. In addition, the aim is to increase the attraction of rural villages as living, working and business environment, which in turn would help to decrease willingness to migrate.

While the programme includes no measures directed at women or young people as such, the jobs and enterprises arising for women and young people are monitored separately for each

measure together with the number of projects which are led by women or in which women are in the majority. Of the sectors to be financed from the rural development plan, handicrafts, small-scale reprocessing of foodstuffs, tourism, the caring occupations and communications are particularly strong sectors for women and promote their independent employment. Measures to promote the conservation and development of rural services help both women and young people to thrive in these areas. On the other hand the programme also seeks to improve the status of men in rural areas who are marginalized or at risk of marginalisation, as the loss of jobs in agriculture and forestry has a more extensive impact on men than on women (e.g. lumberjacks and many farmers working on farms are only men).

The Regional Rural Development Plan takes into consideration the limitations due to the implementation of common agricultural policy and the support schemes under common market organisations. The support measures included in the plan promote projects and measures which help to reinforce the impact of market organisations and their effectiveness or which redirect production out of sectors where production limitations are set already by market organisations.

The enterprises and industries to be subsidised will not engender competition distortions of the kind referred to in articles 80 to 85 of the Treaty. A significant portion of the activities to be supported concern the application of derogation rules to the said articles set out in article 2 of Council Regulation (EEC) No. 26 applying certain rules of competition to production of and trade in agricultural products. The applicants

for operations to be subsidised are not even expected to be enterprises of the kind which would have proscribed agreements with enterprises in other Member States and would otherwise meet the conditions stipulated in other provisions on proscribed activities or would engage in importing or exporting under contractual arrangements which were contrary to the provisions of competition policy.

15.1.2. Complementary to Horizontal Rural Development Programme

Essentially the Horizontal Rural Development Plan is involved in the activities directly involving the cultivated environment and its surroundings and the Regional Rural Development Plan is involved in activities which enhance the processing and use of the products and supports the economic and social viability of the countryside. Thus they complement each other starting from the production which is the responsibility of the Horizontal Programme and continuing the processing and marketing of the products and development of skills and abilities needed to build sustainable livelihood in the countryside, based also on other sources of income than farming. Further the Horizontal Rural Development Plan is based on areal support (per hectare) while the Regional Rural Development Programme is based on development projects specifically aiming at developing activities supporting the development of a varied economical structure and a socially sustainable environment. This coherent approach to the rural development including the Horizontal Plan, followed by the Regional Rural Development Plan and complemented by national measures is presented in a form of a table below.

| Goal | Activities | | |
|---------------------------|--|---|--|
| | Horizontal Rural Development Plan | Regional Rural Development Plan | Nationally financed activities |
| Employment and livelihood | – LFA support | – Activities supporting processing the local products and diversification of the structure of the economy | – Investment support to agriculture |
| Environment | – Environmental support | – Water and sanitation activities – training in environmental issues | – national measures related sustainable forestry – support for environmental investments on farms |
| Scenery | – Environmental support and – LFA | – support to protection of culturally valuable buildings and taking care of sceneries | – national measures related to sustainable forestry – investments to preserve cultural heritage (landscapes, buildings) |
| Biodiversity | – Environmental support and – LFA | – village development plans | – Natura 2000 |
| Quality of food | – Environmental support including compliance to food husbandry practices and organic farming | – food processing and marketing activities especially of organically produced foods – quality training and production of quality plans – development of processing technologies | – National legislation |

15.1.3. Complementary to Objective 2 programme

The Objective 2 programme is originally intended for the development of rural areas as well, because when selecting the programme area, the areas suffering from the structural change of agriculture should be taken into account, and the funding from structural funds should be directed to remove the problems of these areas. As was described in Chapter 13, the simultaneous preparation of the Regional Rural Development Plan and the Objective 2 programme gave elements for this.

The planned priorities of West Finland's Objective 2 programme are:

1. Business development and the renovation of production structure,
2. the development of competent workforce and technology and
3. the development of area structure and surroundings.

All priorities will be financed both from the ERDF and the ESF.

The corresponding priorities of South Finland's Objective 2 programme are

1. The increase of South Finland's attraction and companies' competitiveness,
2. the development of competence level and human resources,
3. the development of sub-regions, securing the good operation and attraction of communities,
4. and technical assistance.

In business development, both programmes focus on cluster-based development and diversification of economic structure of the area. Focuses are thus the same as in the Regional Rural Development Plan.

In the regional cluster-based development model, where also working supplier networks are developed, the SME's investments can be funded from the ERDF in the Objective 2 programme, and the development activities of farm-related enterprises and small enterprises networking with them can be funded from the EAGGF in the development plan.

The Rural sub-committee will agree on the manner which will be used to guarantee that financing for development activities in accordance with measure p (diversification of agricultural activities and activities close to agriculture) will not be granted from the ERDF in Objective 2 rural areas and transitional areas.

Measure o may include the financing of small, additional water management projects of villages. *The Rural sub-committee will agree on the manner which will be used to guarantee that financing for development activities in accordance with measure o (renovation and development of villages and protection and conservation of the rural heritage) will not be granted from the ERDF in Objective 2 rural areas and transitional areas.*

The EAGGF funding of the Regional Rural Development Plan for education will be mainly allocated to the promotion and updating of farmers' and forest owners' professional skills, e.g. business, management and environmental skills. One of the priorities of the ESF funding of Objective 2 programme is the diversification of business activities. Consequently, agricultural holdings and rural enterprises, advisers and trainers can promote their business skills through ESF projects. The training needs of entrepreneurs which have occurred in EAGGF funded development projects can be satisfied by ESF training measures.

In the Objective 2 programme, the development of expertise and innovation networks as well as the promotion of new technology are also important factors. In order to promote life-long learning and the expert assistance of agricultural holdings and rural enterprises, the ERDF and ESF funding can be used to support the development of expertise centres and other training, research and development organisation and extend it to cover the programme area as a whole.

Regional structure and the environment are promoted in Objective 2 programmes with the help

of e.g. transport connection, information networks and energy supply. The aim is to enhance the operation of basic services in the area. The constructed information networks and information services promote the possibilities of teleworking among other things. The development of regional attractions and environmental management projects support the development of rural tourism especially, but also that of other rural activities.

The Objective 2 programmes and the Regional Rural Development Plan have a common focus: the promotion of interaction between urban and rural areas. The activities in accordance with the EAGGF-Guarantee funding of the plan are supported by ERDF and ESF funded measures, inter alia, in the development of competence and health services as well as environmental projects which promote the development of rural tourism and recreation services.

When ESF funding is granted to activate regional and local action groups, the aim is to develop, inter alia, community spirit, stronger social networks, service cooperation and networks as well as welfare services. In this manner, training enhances the competence in voluntary development, whereas the EAGGF measures support the concrete development and investment projects of villages.

At the implementation phase of the Objective 2 programme and the Regional Rural Development Plan, an intermediate cooperation between implementing authorities is taken care of by the rural section of Regional Management Committee.

15.1.4. Complementary to Objective 3 programme / ESF framework

The framework of the European Social Fund for the programming period 2000-2006 has been prepared in collaboration with regions and central administration. The ESF framework is based on the General Regulation on structural funds

issued by the European Union as well as on the Regulation on the European Social Fund. The framework is connected to Finland's national action plan (NAP) on employment policy, which follows the employment guidelines of the EU. The horizontal priorities of the ESF framework are information society, equality, local partnership, sustainable development, and anticipatory perspective. These priorities should be taken into account in the gender mainstreaming of all ESF operation.

The actual priorities of the framework are:

- improvement of the situation of the long-term unemployed and utilisation of labour demand (30 % of funding)
- promotion of equal opportunities in working life and prevention of exclusion (20 % of funding)
- improvement of training quality and impact as well as reinforcement of the relations between training and working life (20 % of funding)
- promotion of entrepreneurship, innovative development of professional mobility, working life and work organisations (30 % of funding)

The ESF share in Objective 2 for Western Finland is proposed to be 23.1% and that in Objective 2 for Southern Finland 20.3% of the EU contribution to the programme, thus totalling about FIM 660 million. The ESF share of the Objective 3 programme is about FIM 2500 million. It is important that a clear division is made between the measures aiming at the development of intellectual property funded through the regional programme in Objective 2 area, and those funded through the Objective 3 programme. The training projects with particular regional importance as well as those with a clear connection to a project financed from another fund will be financed from the ESF share of regional programmes.

ESF and EAGGF funded training measures must be additional. The division between ESF and

EAGGF training measures is related to the target group division of the measures as well as to the priorities of measures to be implemented. ESF funded activities enable a comprehensive training of people participating in rural development, whereas EAGGF training is aimed at financing the basic competence or rural farmers and entrepreneurs as well as at the further education related to the development of basic activities.

The competence of the EAGGF funded target group will be enhanced concerning, inter alia, the development and redirection of production, the improvement of production economy and efficiency, the protection of rural environment, and animal welfare requirements. Training activities could also include the networking of small enterprises as well as the development of the procedures of forest management and use in forestry.

ESF funding is used for the implementation of advanced training related to rural business promotion, business efficiency, and new business forms, as well as sector training programmes and e.g. training activities related to the utilisation of research results and technologies (ESF framework, Strategic priorities 1 and 4). Additionally, the training activities related to employment, the prevention of rural population's exclusion, and the connection between training and working life are meant to be implemented through ESF funding (ESF framework, strategic priorities 2 and 3).

ESF and EAGGF funded activities generate an entity which develops the human resources of rural population. Administrative cooperation guarantees that a clear division is made between the rural plan, the Objective 3 programme and the Objective 2 programme.

15.1.5. Complementary to Community initiatives

The LEADER+ Community initiative complements other rural development activities with its

different approach. Development measures are decided by a local action group which consists of inhabitants, entrepreneurs, associations and municipalities of the area. The local action group draws up a development plan for its own area and is responsible for the implementation of the plan.

According to the Commission guidelines, the development plans of local action groups carrying out the LEADER+ Community initiative should be original and of high-quality, economically feasible and in accordance with the principles of environmentally sustainable development. As the development plans accepted in the LEADER+ Community initiative must bring new and different elements to rural development in the area in question, it is complementary to other programmes. In addition, one of the parts of the LEADER+ Community Initiative is transnational cooperation, which does not exist in other rural development plans.

In addition to the LEADER+ Community initiative, the Objective 1 programme and the Regional Rural Development Programme are possible sources for the funding of local action groups. However, there may not be more than one local action group in one area, irrespective of where the group in question is funded from.

The EU funding of **INTERREG III**, the Community initiative programme which crosses frontiers and operates between states and regions, comes from the ERDF. However, the area of application has in this case been extended to cover also the funding of measures related to rural development. The INTERREG III programme is divided in three parts, of which the INTERREG III A programme, which is intended for the joint activities of border regions, has the most important economic resources (perhaps 70 to 80 % of the total funding of INTERREG). The territorial extension of border region programme does not cover the entire area of rural development plan during the current programming period. The

coastal region left outside the programme is Satakunta, and most of continental Finland is also outside. The geographical extension of the programme area for the coming programming period has not been decided yet, but Finland aims at an extension which would be at least the same as during the current programming period.

During the coming programming period, Finland wants to emphasise particularly the activities directed to Russia, and due to the eastward enlargement of the Community, the Baltic area is underlined even more than before. The total resources available for INTERREG activities will increase compared to the previous programming period. However, it should be noted that the internal emphasis of the programme is not on rural development. Concerning rural development, the nature of the programme is thus additional to objective programmes and rural development plan. According to previous experience, the projects financed from the INTERREG programme do not often have a direct impact on employment, but their indirect impact can be estimated to be important. It is hoped that especially certain development projects directed to Russia have even important employment effects in sectors related to food export and tourism. INTERREG III is thus complementary mainly to the Finnish Objective 1 programme, and to a somewhat lesser extent, to the Regional Rural Development Plan.

The purpose of **EQUAL Community initiative programme** is to find new ways to decrease and prevent unemployment, exclusion, and any kind of discrimination in working life as well as to facilitate the adaptation of economy and working life into structural changes. Projects are carried out through international cooperation, and they are selected centrally, at a ministerial level, together with social partners. Selection criteria include the innovative nature of plans, the possibility to generalise the models, and the estimated usefulness of international cooperation for the project in question. EQUAL enables a larger se-

lection of instruments, because the initiative is directed to people in working life as well as those aspiring to it. The additional value brought by the initiative should be found in the innovation of new combinations and partnership.

The programme will probably include projects related to, inter alia, promotion of equal opportunities for men and women, and teleworking opportunities, as well as prevention of exclusion. Such topics are suitable for projects to be implemented also in areas resembling rural areas. The target group could be e.g. the ageing (long-term) unemployed as well as women and young people in rural areas. However, EQUAL projects have not been classified by area, which makes it challenging for rural organisations and particularly for local action groups to utilise the possibilities of EQUAL Community initiative.

15.1.6. Complementary to national rural development

Although development has started to be more and more fluent during the programming period 1995-99, and although the abundant collaboration required by the nature of programming has started, experience has shown that the administration is prone to concentrate on the development of financing system. Information, registers, training of administrative personnel, payments, monitoring, control and checks demand much work, especially when the programme implementation started with very small number of personnel in both central and regional administration. However, the successful implementation of programming policy implies not only good operation of administration, but also quite many bodies to implement projects and cooperation between these bodies, as well as deepening of the substance of development themes and division of tasks between different parties.

During a few years, Finland has consciously constructed a system where the actors of different levels and areas carry out development activ-

ities according to their own measures, which are connected to the activities of other actors. The field of programming policy can be described as a matrix, where one dimension includes different sectors and development themes, and the other development activities to be carried out at different levels and regional units, from local to international. The effectiveness of projects is increased and costs decreased through the deepening of division of tasks in a manner required by the nature of tasks and the awareness of what the others are doing.

National actors

At national level, rural policy required an institution which promotes the collaboration of different ministries and other central organisations of rural development. This responsibility is carried by *the Rural Policy Committee*, which helps the Government to prepare an integral programme on rural development or is responsible for the implementation of an integral programme prepared otherwise. An essential task of the Rural Policy Committee is to promote sectors which are important from the rural policy perspective. The Rural Policy Committee carries out the tasks which are considered to be common and centrally managed issues by regional actors. Such tasks are, inter alia, register and statistic matters of different sectors, part of information, training and international cooperation as well as the comprehensive networking projects financed by the Rural Policy Committee. In this way, the Rural Policy Committee serves regional development activities, the numerous projects of each sector, and the entrepreneurs and experts who operate in them. Many sectors are in a stage where they should be able to cross regional borders, and to some extent also sector frontiers. For this purpose, the cooperation and division of tasks between national and regional actors is required.

When serving the regions, the working methods of the Rural Policy Committee are theme groups and national networking projects. They

help to carry out the above mentioned tasks in cooperation with several different parties. To develop the system, regions require activities which correspond to theme groups as well as parts of networking projects. The Regional Rural Development Plans reinforce the internal development of sectors which they estimate to be central in each region, and methods include work programmes, networking projects, expert coordination and others. The working methods and participants of the regions need not be exactly the same as the corresponding institutions are nationally, but determined cooperation and division of tasks between them is required. The Rural Policy Committee supports intensified networking with magazines published with theme groups, sector seminars, other information service and the construction of research and development projects. The Committee also uses administrators and temporary working groups in its work.

Both nationally and regionally, theme group work starts generally with the preparation of sector development programme. This work requires partly different expertise and persons than the implementation of programme which follows. The composition of first generation theme group is characterised by researchers and experts of central administration. The composition of second generation theme group is already more focused on the experts of regions and organisations participating in the imple-

mentation, and subsequently, the share of administration decreases. Theme groups and national projects also combine and at the same time reinforce the service which the central offices of many organisation offer to their members.

In the Rural Policy Committee there are continuously 10 to 15 theme groups which include both first and second generation modulations. From regional and national perspective, themes where long term development is carried out include the following: SME food sector entrepreneurship (Ruoka-Suomi), rural tourism, women as players of rural development, local initiative (LEADER and POMO theme groups), teleworking, village development (village network project), organic sector, wood product sector (Puu-Suomi action programme), remote rural areas and the reinforcement of expert systems (inter alia, village school ombudsman, rural PD training and the training of those who develop rural areas and villages).

The direction of the substance of development matrix is not rigid. The themes change according to needs, and the composition of groups is revised at times. In some themes, the interaction of national, regional and even local development is solid and fruitful, other themes are still aspiring to it. In its future work, the Rural Policy Committee emphasises the service offered to regions by its theme groups and networking projects.

16. ADDITIONAL STATE AIDS

The Regional Rural Development Plan does not include additional state aids.

Annex 1

Municipalities of the regional rural development plan area:

The municipalities of Objective 2 areas printed in **bold**, the municipalities of 5b and 2 transitional period printed in *italics*.

| TE Centre | municipalities of remote rural areas | municipalities of rural core areas | municipalities of urban-adjacent rural areas | urban areas |
|-----------------|---|---|---|--|
| Uusimaa | | Karjaa <i>Karjalohja</i> <i>Myrskylä</i> <i>Nummi-Pusula</i> <i>Lapinjärvi</i> Pohja <i>Pukkila</i> <i>Liljendal</i> <i>Ruotsinpyhtää</i> <i>Sammatti</i> Tammisaari | Hyvinkää Inkoo Askola Karkkila Kirkkonummi Tuusula Mäntsälä Vihti Sipoo Siuntio Pornainen Porvoo Nurmijärvi <i>Pernaja</i> | Espoo Hanko Vantaa <i>Loviisa</i> Lohja Järvenpää Kauniainen Helsinki Kerava |
| Varsinais-Suomi | Dragsfjärd Nauvo Iniö Korppoo Kustavi Velkua Houtskari | <i>Alastaro</i> <i>Karinainen</i> Kemiö <i>Kiikala</i> <i>Kisko</i> <i>Marttila</i> <i>Mellilä</i> <i>Koski</i> Mietoinen Mynämäki <i>Kuusjoki</i> <i>Oripää</i> <i>Loimaa</i> Parainen Paimio <i>Perniö</i> Laitila <i>Pöytyä</i> <i>Loimaan kunta</i> Rymättylä Västanfjärd <i>Somero</i> <i>Särkisalo</i> <i>Yläne</i> <i>Suomusjärvi</i> Vehmaa Taivassalo <i>Sauvo</i> <i>Tarvasjoki</i> Uusikaupunki | <i>Askainen</i> <i>Aura</i> Halikko <i>Lemu</i> Vahto <i>Merimasku</i> Nousiainen Lieto Masku Salo Piikkiö Muurla Pyhäranta Rusko Pertteli Naantali | Raisio Kaarina Turku |

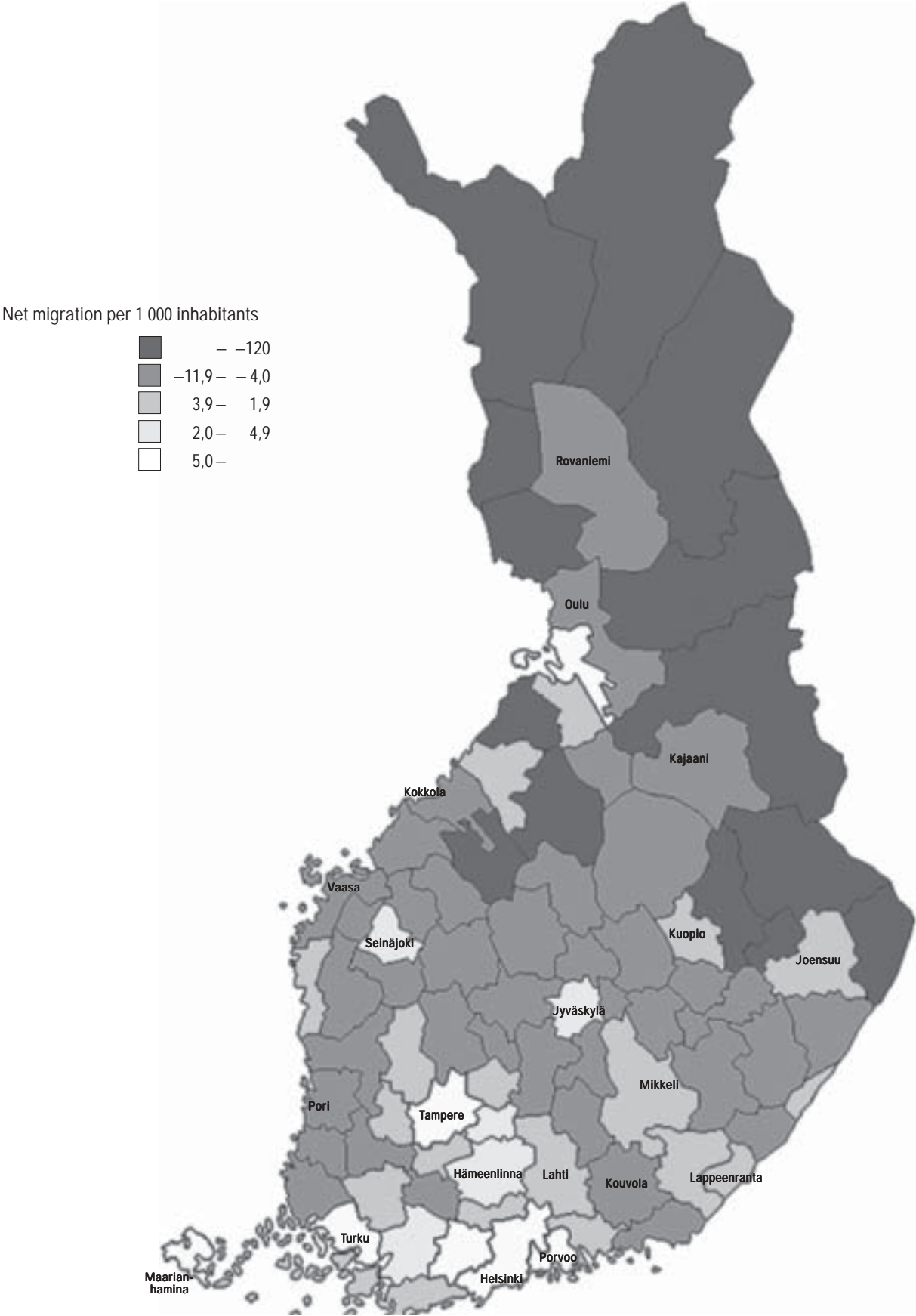
| TE Centre | municipalities of remote rural areas | municipalities of rural core areas | municipalities of urban-adjacent rural areas | urban areas |
|-----------|--|--|---|--|
| Satakunta | Merikarvia Sillkainen | Eura Jämijärvi Honkajoki Kankaanpää Karvia <i>Huittinen</i> Harjavalta Kiikoinen Kodisjoki Kullaa Nakkila Noormarkku Lappi Lavia <i>Kokemäki</i> Pomarkku <i>Punkalaidun</i> <i>Köyliö</i> Kiukainen <i>Säkylä</i> <i>Vampula</i> | Eurajoki Ulvila Luvia Pori | Rauma |
| Häme | Hartola | Artjärvi Asikkala Janakkala Hauho Humppila Kalvola Lammi Orimattila Padasjoki Hämeenkoski Kärkölä Sysmä Ypäjä Tuulos | Forssa Jokioinen Hattula Hausjärvi Hollola Tammela Loppi Nastola Riihimäki Renko | Lahti Heinola Hämeenlinna |
| Pirkanmaa | Kuorevesi Längelmäki Kuru | Juupajoki <i>Hämeenkyrö</i> <i>Ikaalinen</i> <i>Kihniö</i> <i>Luopioinen</i> Mänttä Orivesi <i>Kuhmalahti</i> <i>Parkano</i> <i>Pälkäne</i> Kylmäkoski Ruovesi Vilala <i>Sahalahti</i> Vilppula Virrat <i>Suodenniemi</i> Toljala <i>Äetsä</i> <i>Vammala</i> <i>Vesilahti</i> Urjala | Kangasala Valkeakoski <i>Viljakkala</i> Ylöjärvi Pirkkala Lempäälä <i>Mouhijärvi</i> Nokia | Tampere |

| TE Centre | municipalities of remote rural areas | municipalities of rural core areas | municipalities of urban-adjacent rural areas | urban areas |
|-----------------------|---|--|--|---|
| Southeastern Finland | Savitaipale Suomenniemi <i>Jaala</i> Luumäki | <i>Elimäki</i> Joutseno <i>Iitti</i> Miehikkälä Parikkala Pyhtää Rautjärvi Ruokolahti Virolahti Anjalankoski Ylämaa Uukuniemi Saari Vehkalahti | Imatra Lappeenranta Lemi <i>Valkeala</i> Taipalsaari | Kouvola Kuusankoski Kotka Hamina |
| Central Finland | Multia Petäjävesi Joutsa Keuruu Suolahti Luhanka Toivakka Konnevesi Kuhmoinen Lelvonmäki Jämsänkoski | Hankasalmi Jämsä Korpilahti Laukaa Sumlainen Äänekoski Uurainen | Jyväskylän maalaiskunta Muurame | Jyväskylä |
| Southern Ostrobothnia | | <i>Alahärmä</i> Alajärvi Alavus Jurva <i>Ilmajoki</i> Evijärvi Karljoki Isojoki Jalasjärvi Kauhajoki <i>Kauhava</i> Kortesjärvi Kuortane <i>Lapua</i> Kurikka Peräseinäjoki Lehtimäki Lappajärvi Vimpeli <i>Ylihärmä</i> <i>Ylistaro</i> Teuva Ähtäri Soini Töysä | <i>Nurmo</i> | <i>Seinäjoki</i> |

| TE Centre | municipalities of remote rural areas | municipalities of rural core areas | municipalities of urban-adjacent rural areas | urban areas |
|-----------------------|--|---|--|---------------------------------|
| Ostrobothnia | Maksamaa | <i>Isokyrö</i> Kannus Himanka <i>Maalahti</i> <i>Kruunupyy</i> <i>Mustasaari</i> Kälviä <i>Laihia</i> <i>Närpiö</i> <i>Oravainen</i> <i>Pedersöre</i> Lohtaja <i>Korsnäs</i> <i>Kristiinankaupunki</i> <i>Vöyri</i> <i>Uusikaarlepyy</i> | Kokkola <i>Vähäkyrö</i> <i>Pietarsaari</i> <i>Luoto</i> | <i>Vaasa</i> <i>Kaskinen</i> |
| Northern Ostrobothnia | <i>Rantsila</i> Hailuoto <i>Vihanti</i> | Alavieska Kalajoki Merijärvi <i>Muhos</i> <i>Liminka</i> Oulainen <i>Lumijoki</i> <i>Kiiminki</i> <i>Pyhäjoki</i> <i>Ruukki</i> Sievi Ylivieska <i>Tyrnävä</i> <i>Siikajoki</i> | <i>Haukipudas</i> <i>Kempele</i> <i>Temmes</i> <i>Pattijoki</i> <i>Oulunsalo</i> | Oulu <i>Raahe</i> |

Annex 2

Migratory balance by subregions in 1999

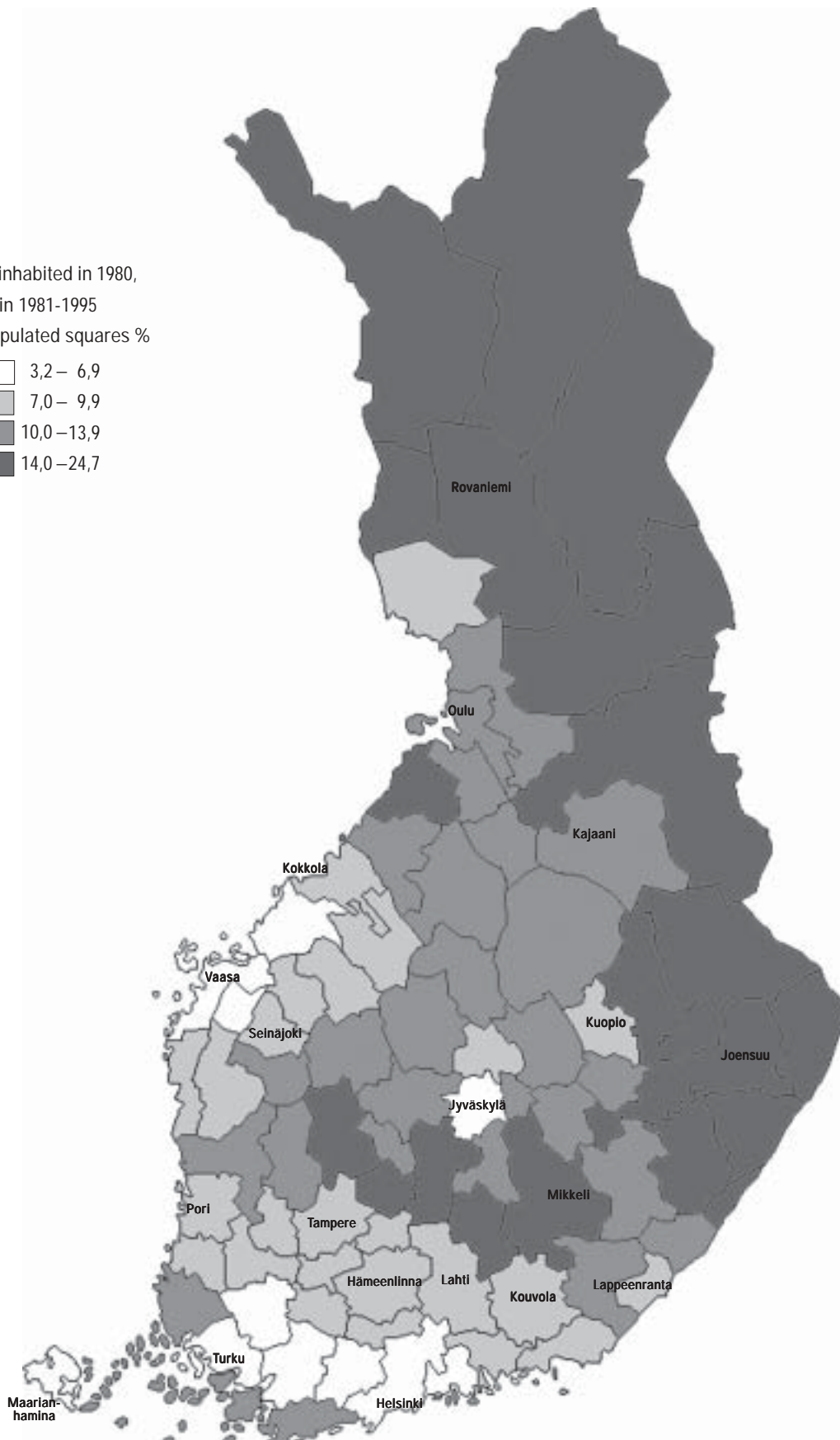
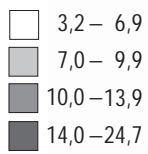


Source: Statistics Finland, Population Statistics 1999

Annex 3

Depopulation by sub-regions 1981-1995

Km² -squares inhabited in 1980,
Depopulation in 1981-1995
Share of depopulated squares %



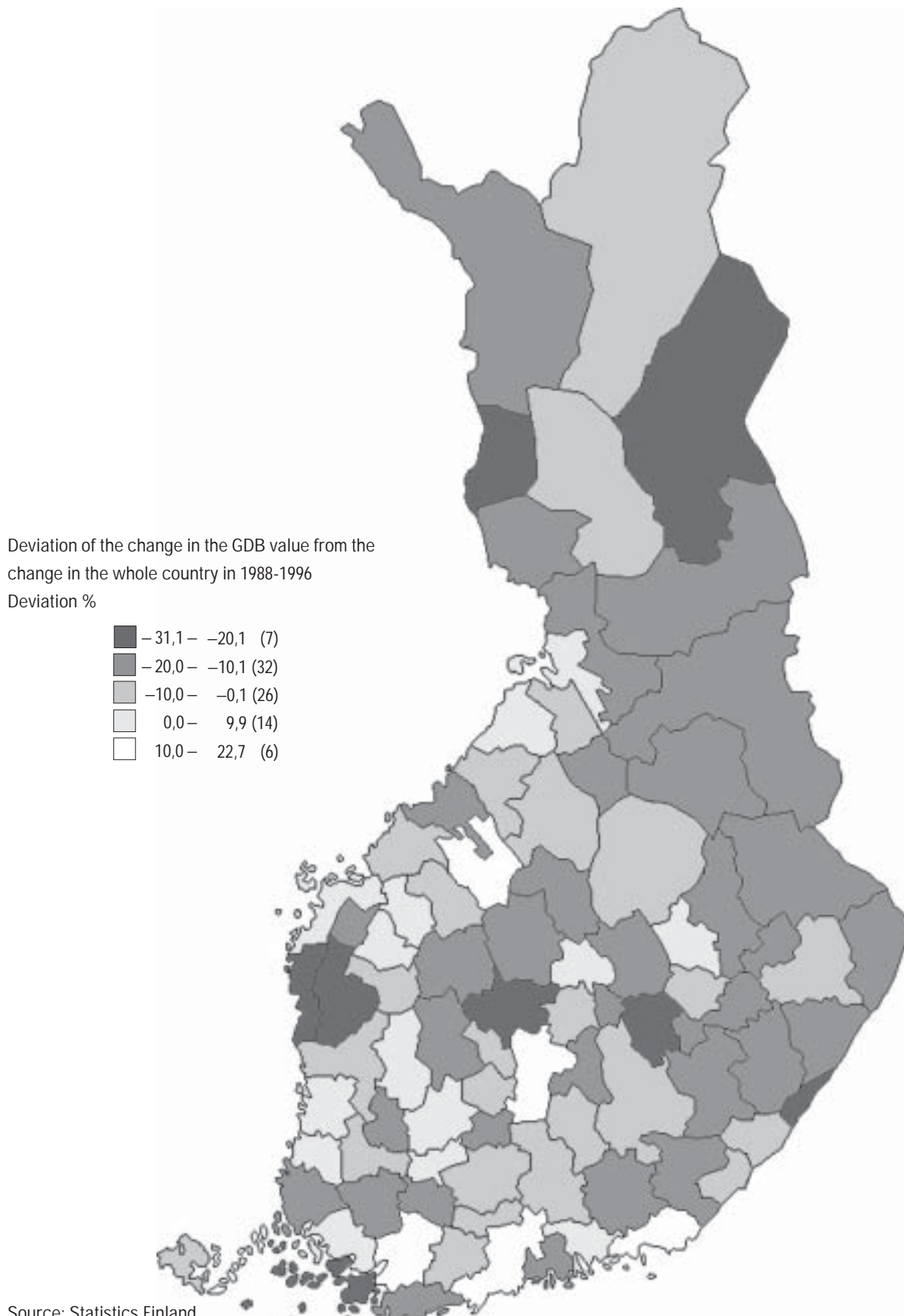
Source: Statistics Finland, Population Statistics 1980-1995

INHABITANTS IN THE AREA OF EACH TE CENTRE ON 31.12.1998

| TE Centre | Remote rural areas | | | Rural core areas | | | Urban-adjacent rural areas | | | Urban areas | | | Total | |
|-----------------------|--------------------|-------------|------------------|------------------|-------------|------------------|----------------------------|-------------|------------------|----------------|-------------|------------------|----------------|-------------|
| | municipalities | inhabitants | % of inhabitants | municipalities | inhabitants | % of inhabitants | municipalities | inhabitants | % of inhabitants | municipalities | inhabitants | % of inhabitants | municipalities | inhabitants |
| Uusimaa | | | | 11 | 48 393 | 3,6 | 14 | 259 719 | 19,3 | 9 | 1 036 877 | 77,1 | 34 | 1 344 989 |
| Varsinais-Suomi | 7 | 8 363 | 1,9 | 30 | 127 597 | 29,0 | 16 | 93 078 | 21,2 | 3 | 210 935 | 47,9 | 56 | 439 973 |
| Satakunta | 2 | 6 066 | 2,5 | 21 | 99 692 | 41,2 | 4 | 98 609 | 40,7 | 1 | 37 654 | 15,6 | 28 | 242 021 |
| Häme | 1 | 3 974 | 1,1 | 14 | 76 620 | 21,1 | 10 | 119 195 | 32,9 | 3 | 162 947 | 44,9 | 28 | 362 736 |
| Pirkanmaa | 3 | 7 716 | 1,7 | 22 | 124 583 | 28,2 | 8 | 121 028 | 27,4 | 1 | 188 726 | 42,7 | 34 | 442 053 |
| Southeastern Finland | 4 | 12 879 | 3,9 | 14 | 89 978 | 27,3 | 5 | 107 858 | 32,7 | 4 | 118 707 | 36,0 | 27 | 329 422 |
| Central Finland | 11 | 47 576 | 21,5 | 7 | 58 744 | 26,6 | 2 | 38 692 | 17,5 | 1 | 76 194 | 34,4 | 21 | 221 206 |
| Southern Ostrobothnia | | | | 25 | 158 706 | 79,9 | 1 | 10 518 | 5,3 | 1 | 29 417 | 14,8 | 27 | 198 641 |
| Ostrobothnia | 1 | 1 143 | 0,5 | 16 | 103 749 | 45,7 | 4 | 64 298 | 28,3 | 2 | 57 813 | 25,5 | 23 | 227 003 |
| Northern Ostrobothnia | 3 | 6 959 | 2,7 | 14 | 79 396 | 30,8 | 5 | 40 479 | 15,7 | 2 | 131 172 | 50,8 | 24 | 258 006 |
| Total | 32 | 94 676 | 2,3 | 174 | 967 458 | 23,8 | 69 | 953 474 | 23,4 | 27 | 2 050 442 | 50,4 | 302 | 4 066 050 |

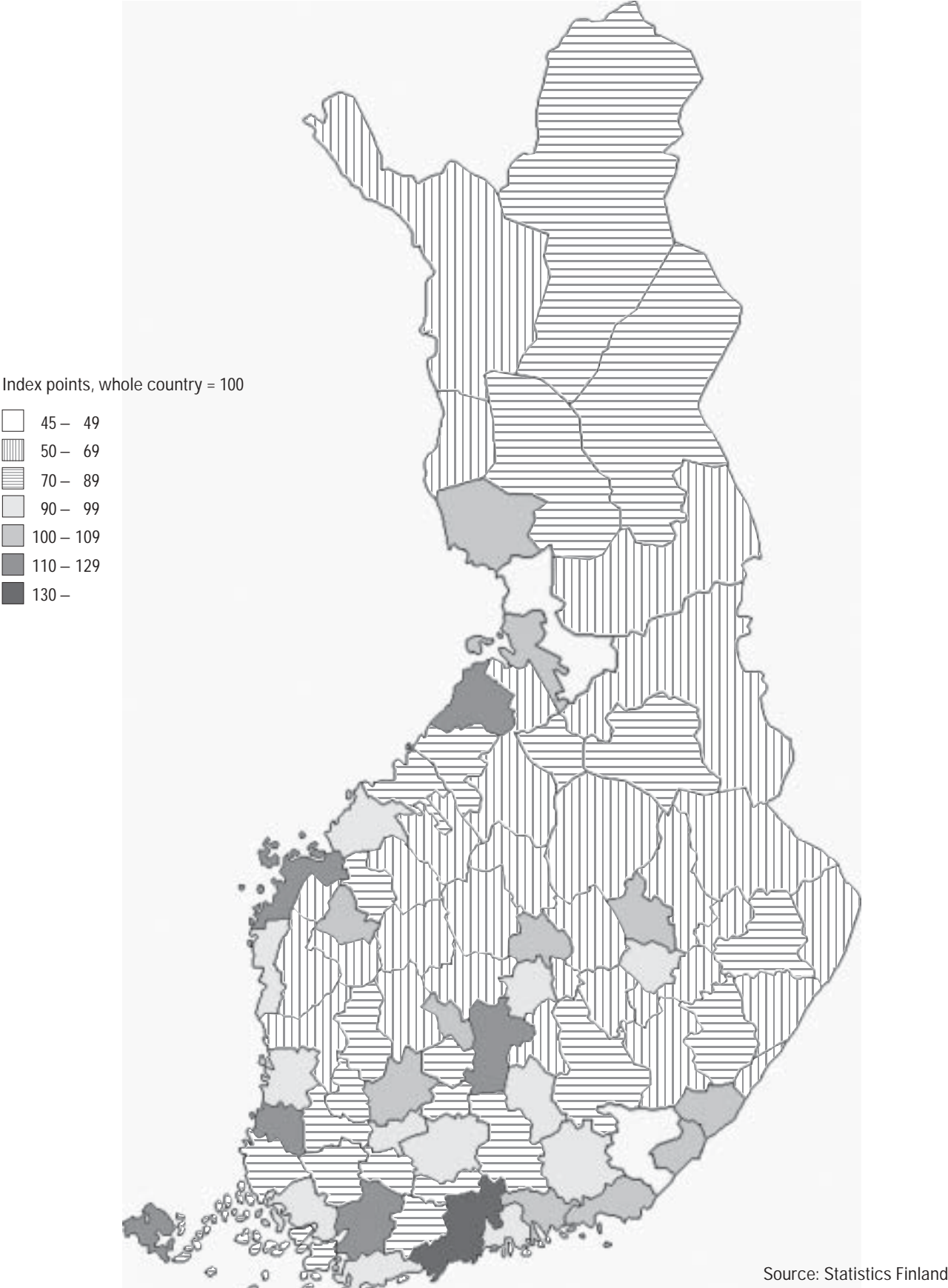
Annex 5

Deviation of the GDB of sub-regional units from the change in the whole country in 1988-1996



Annex 5

Gross Domestic Product per inhabitant by subregions in 1996



Annex 6

Number of holdings and arable land in the area of each TE Centre in 1997

| TE Centre | All holdings | Active holdings | Arable land | Average arable land of all holdings | Average arable land of active holdings |
|-----------------------|--------------|-----------------|-------------|-------------------------------------|--|
| Uusimaa | 8471 | 5554 | 201732 | 23,81 | 33,57 |
| Varsinais-Suomi | 12513 | 9690 | 307671 | 24,59 | 30,31 |
| Satakunta | 9116 | 6386 | 163277 | 17,91 | 23,53 |
| Häme | 9058 | 6421 | 199947 | 22,07 | 28,85 |
| Pirkanmaa | 11198 | 6211 | 170548 | 15,23 | 23,44 |
| Southeastern Finland | 8834 | 5728 | 159210 | 16,19 | 23,8 |
| Southern Savo | 9094 | 4590 | 95458 | 10,5 | 16,32 |
| Northern Savo | 11906 | 6259 | 162524 | 13,65 | 21,1 |
| Northern Karelia | 8929 | 3982 | 108252 | 12,12 | 20,89 |
| Central Finland | 9871 | 4730 | 114220 | 11,57 | 18,81 |
| South Ostrobothnia | 15157 | 10274 | 256740 | 16,94 | 22,31 |
| Ostrobothnia | 11388 | 8264 | 199489 | 17,52 | 22,32 |
| Northern Ostrobothnia | 16899 | 7353 | 240503 | 14,23 | 25,76 |
| Kainuu | 6043 | 1555 | 50702 | 8,39 | 18,68 |
| Lapland | 9025 | 2413 | 69321 | 7,68 | 16,38 |
| Åland | 1079 | 793 | 14475 | 13,42 | 17,38 |
| Total | 159581 | 90203 | 2514067 | 15,75 | 23,96 |

Number of active holdings according to production line in 1997

| TE-centre | | Dairy farming | Beef cattle production farming | Pig production | Fatling pig production | Egg production | Poultry farming | Other livestock farming | Cereal farming | Special crop production | Green-house production | Other | Total |
|-----------------------|---|---------------|--------------------------------|----------------|------------------------|----------------|-----------------|-------------------------|----------------|-------------------------|------------------------|--------|--------|
| Uusimaa | 1 | 786 | 237 | 98 | 94 | 25 | 4 | 270 | 3 233 | 330 | 17 | 460 | 5554 |
| | 2 | 14,2 | 4,3 | 1,8 | 1,7 | 0,5 | 0,1 | 4,9 | 58,2 | 5,9 | 0,3 | 8,3 | |
| Varsinais-Suomi | 1 | 907 | 252 | 521 | 647 | 507 | 106 | 134 | 4 994 | 888 | 90 | 644 | 9 690 |
| | 2 | 9,4 | 2,6 | 5,4 | 6,7 | 5,2 | 1,1 | 1,4 | 51,5 | 9,2 | 0,9 | 6,6 | |
| Satakunta | 1 | 1 078 | 280 | 293 | 411 | 143 | 87 | 162 | 2 804 | 622 | 14 | 492 | 6 386 |
| | 2 | 16,9 | 4,4 | 4,6 | 6,4 | 2,2 | 1,4 | 2,5 | 43,9 | 9,7 | 0,2 | 7,7 | |
| Häme | 1 | 1 643 | 495 | 183 | 251 | 72 | 5 | 181 | 2 452 | 644 | 20 | 475 | 6 421 |
| | 2 | 25,8 | 7,7 | 2,9 | 3,9 | 1,1 | 0,1 | 2,8 | 38,2 | 10 | 0,3 | 7,4 | |
| Pirkanmaa | 1 | 812 | 640 | 122 | 164 | 39 | 40 | 304 | 2 254 | 89 | 18 | 729 | 6 211 |
| | 2 | 29,2 | 10,3 | 2 | 2,6 | 0,6 | 0,6 | 4,9 | 36,3 | 1,4 | 0,3 | 11,7 | |
| Southeastern Finland | 1 | 1 896 | 661 | 145 | 205 | 29 | 5 | 213 | 2 044 | 105 | 9 | 416 | 5728 |
| | 2 | 33,1 | 11,5 | 2,5 | 3,6 | 0,5 | 0,1 | 3,7 | 35,7 | 1,8 | 9,2 | 7,3 | |
| Southern Savo | 1 | 2 052 | 583 | 68 | 73 | 26 | 5 | 189 | 550 | 126 | 11 | 907 | 4 590 |
| | 2 | 44,7 | 12,7 | 1,5 | 1,6 | 0,6 | 0,1 | 4,1 | 12 | 2,8 | 0,2 | 19,8 | |
| Northern Savo | 1 | 3331 | 647 | 55 | 119 | 25 | 6 | 214 | 597 | 44 | 4 | 1217 | 6 259 |
| | 2 | 53,2 | 10,3 | 0,9 | 1,9 | 0,4 | 0,1 | 3,4 | 9,5 | 0,7 | 0,1 | 19,4 | |
| Northern Karelia | 1 | 2 002 | 555 | 29 | 65 | 22 | 2 | 172 | 430 | 31 | 4 | 670 | 3 982 |
| | 2 | 50,3 | 13,9 | 0,7 | 1,6 | 0,6 | 0,1 | 4,3 | 10,8 | 0,8 | 0,1 | 16,8 | |
| Central Finland | 1 | 1 815 | 692 | 68 | 116 | 36 | 3 | 267 | 812 | 53 | 13 | 855 | 4 730 |
| | 2 | 38,4 | 14,6 | 1,4 | 2,5 | 0,8 | 0,1 | 5,6 | 17,2 | 1,1 | 0,3 | 18,1 | |
| South Ostrobothnia | 1 | 3 238 | 755 | 358 | 564 | 145 | 66 | 261 | 3 553 | 606 | 8 | 720 | 10 274 |
| | 2 | 31,8 | 7,3 | 3,5 | 5,5 | 1,4 | 0,6 | 2,5 | 34,8 | 5,9 | 0,1 | 7 | |
| Ostrobothnia | 1 | 2 426 | 517 | 315 | 439 | 333 | 24 | 217 | 2 735 | 431 | 180 | 647 | 8 264 |
| | 2 | 29,4 | 6,3 | 3,8 | 5,3 | 4 | 0,3 | 2,6 | 33,1 | 5,2 | 2,2 | 7,8 | |
| Northern Ostrobothnia | 1 | 3 442 | 759 | 59 | 106 | 27 | 3 | 288 | 1 283 | 197 | 7 | 1182 | 7 353 |
| | 2 | 46,8 | 10,3 | 0,8 | 1,4 | 0,4 | 0 | 3,9 | 17,5 | 2,7 | 0,1 | 16,1 | |
| Kainuu | 1 | 920 | 201 | 5 | 11 | 6 | - | 91 | 85 | 14 | 4 | 218 | 1 555 |
| | 2 | 59,2 | 12,9 | 0,3 | 0,7 | 0,4 | - | 5,9 | 5,5 | 0,9 | 0,3 | 14 | |
| Lapland | 1 | 1 174 | 233 | 4 | 15 | 1 | - | 205 | 15 | 40 | 6 | 720 | 2 413 |
| | 2 | 48,7 | 9,7 | 0,2 | 0,6 | 0 | - | 8,5 | 0,5 | 1,7 | 0,3 | 29,8 | |
| Åland | 1 | 155 | 64 | 4 | 5 | 7 | 3 | 50 | 195 | 143 | 10 | 157 | 793 |
| | 2 | 19,6 | 8,1 | 0,5 | 0,6 | 0,9 | 0,4 | 6,3 | 24,6 | 18 | 1,3 | 19,8 | |
| Total | 1 | 28 677 | 7 571 | 2 327 | 3 285 | 1 443 | 359 | 3 218 | 2 8036 | 4 363 | 415 | 10 509 | 90 203 |
| | 2 | 31,8 | 8,4 | 2,6 | 3,6 | 1,6 | 0,4 | 3,6 | 31,1 | 4,8 | 0,5 | 11,7 | |

1 Number of holdings

2 Per cent of all active holdings in the area

Annex 8

Information about number of holdings and arable land by TE Centre¹

Uusimaa

Although the relative importance of agriculture is small in the area of the TE Centre of Uusimaa, this area is still a significant player in the Finnish agriculture. 8 per cent of active holdings and 11 per cent of cultivated arable land in Finland are in Uusimaa. Cultivated arable land area is 190 000 hectares.

Growing season conditions favour crop farming. Subsequently, 30-40 per cent of the Finnish bread cereal production takes place in Uusimaa. The number of active holdings in the area is 5400, of which 3500 holdings practise cereal and special crop farming. Dairy farming is the main production line of 780 holdings.

Compared with different areas in Finland, Uusimaa has a relative advantage in agricultural production. Holdings of over 50 hectares represent over 17 per cent of all active holdings in Uusimaa, whereas nationally the figure is less than eight per cent.

Varsinais-Suomi

Primary production represented 7.2 per cent of the economic structure in Varsinais-Suomi in 1998, whereas the corresponding national figure was 5.8 per cent on average. Total arable land of the area is about 290 000 hectares.

Cereal farming is the dominant main production line in Varsinais-Suomi. Pig farming is nationally significant, whereas this area is not characterised by dairy farming. The share of poultry farms is only six per cent of all active holdings in the area, but their production is significant: one third of Finnish egg producers and poultry meat producers are in Varsinais-Suomi. This area produces over one half of Finnish eggs. Open-air

horticultural production is practised rather abundantly in the area.

Satakunta

Cereal farming has a central role in the agriculture of Satakunta. Dairy farming is the most significant production line of livestock farming, although Satakunta is one of the central pig farming areas and poultry meat producers in Finland.

Satakunta is Finland's most important area for the cultivation of pea, beetroot, swede, and spinach. Also, other special crops, such as cabbage, turnip, celeriac, onion, leek, pumpkin, and rhubarb, have a remarkable share when compared with total production in Finland.

In Satakunta, total cultivated arable land area is 150 000 hectares.

Häme

Cereal cultivation is abundant in Häme: cereal farming is the most common main production line. Cattle farming is also important in this area. Häme is a nationally significant area for the cultivation of special crops (mainly potato and sugar beet).

In the economy of holdings, the share of forest farming is essential in this area. The average forest area is about 40 hectares.

Arable land area is 184 000 hectares in Häme.

Pirkanmaa

All production lines are equally represented in Pirkanmaa, which is why agriculture is not a vulnerable sector at a regional level. Cereal

¹ Division of active holdings into main production lines by TE Centres has been explained in Annex 7.

farming and dairy farming are the most important production lines. Pirkanmaa is one of the four most significant producers of poultry meat.

The income structure of holdings is also diversified when compared nationally. The share of forest income and non-farming income is relatively higher in Pirkanmaa. The farming income of holdings is alarmingly low when compared nationally.

Southeastern Finland

Cereal and other crop farming is the main production line in Southeastern Finland. However, over one half of the sales income of agriculture is from dairy farming. Beef production is also significant in this area.

Central Finland

The farms of Central Finland get their livelihood from milk and forest. Three fifths of the income of holdings is from milk and one fifth from beef.

Farms are diversified in Central Finland: in addition to basic agriculture, forestry and part-time employment provide livelihood. When compared nationally, the share of forestry in the income of holdings is double, and the share of sales income of agriculture is clearly lower than on average.

The structural change of agriculture progresses fast. Production has been given up partly due to non-cultivation and afforestation of arable land, not in order to increase the size of holdings. Transition from lifestyle farming to true entrepreneurship has started.

Cultivated arable land area is 88 000 hectares in Central Finland.

Southern Ostrobothnia

Southern Ostrobothnia is a significant centre of agriculture and food industry in Finland. This

area produces over 10 per cent of Finnish agricultural production. In 1996 primary production employed 16.1 per cent of active population. In the whole country the figure was 6.4 per cent.

Livestock farming is clearly predominant: livestock farming is practised by 40 per cent of the holdings, and over 80 per cent of the sales income of agriculture is from livestock farming, production supports included.

Dairy farming is the most significant employer in the agricultural sector. The sales income of dairy farming represent nearly one half of the total agricultural income. However, agricultural production is diversified in South Ostrobothnia: meat production and cereal farming are also important in this area. An important share of Finnish pig and poultry meat is produced in Southern Ostrobothnia.

Ostrobothnia

Agriculture, forestry and fishing employ one sixth of the workforce, which is over twice as much as the national average.

In Ostrobothnia agricultural production is centred in certain areas. Crop farming is practised in southern parts: cereal, potato, and greenhouse production (tomato, cucumber). Ostrobothnia is of great importance as greenhouse farming area. Pig production and cereal farming are centred in central parts. In northern parts the main production line is cattle farming: milk and beef are produced. Fur farming is also of great economic significance for the entire area, and great success has been achieved in the world market.

Northern Ostrobothnia

Dairy production is clearly the most significant production line in Northern Ostrobothnia. Other important production lines are cereal farming, other crop farming, and beef production.

Compared with the rest of the country, the share of different crop farms, sideline farms, and dwelling farms is clearly higher in Northern Ostrobothnia. There are also many organic farms and horse farms.

Annex 9

Objective 5b-area - quantitative objectives achieved 1995-31.12.1999
(data entered in project register as of 31.12.1999)

| Action line 2 | Secured jobs, men | Secured jobs, women | New jobs, men | New jobs, women |
|--|--|------------------------------|--------------------------------|-----------------|
| 2.1 Development of diversified rural industries | 23507 | 12728 | 807 | 843 |
| 2.2 Use and management of forests and promotion of wood-based energy | 612 | 72 | 362 | 47 |
| 2.3 Small-scale mechanical wood processing on farms | 1 567 | 102 | 443 | 24 |
| 2.4 Development of villages and rural tourism | 1 102 | 1 538 | 408 | 503 |
| 2.5 Projects developing technology or farm operations | 5 876 | 410 | 32 | 14 |
| 2.6 Training for village development and rural tourism | 34 | 15 | 0 | 2 |
| | 32 698 | 14 864 | 2 052 | 1 433 |
| Action line 2 | Training participants, men | Training participants, women | | |
| 2.1 Development of diversified rural industries | 10 360 | 27 824 | | |
| 2.2 Use and management of forests and promotion of wood-based energy | 4 081 | 1 921 | | |
| 2.3 Small-scale mechanical wood processing on farms | 2 337 | 258 | | |
| 2.4 Development of villages and rural tourism | 8 880 | 10 511 | | |
| 2.5 Projects developing technology for farm operations | 2 915 | 1 333 | | |
| 2.6 Training for village development and rural tourism | 3 097 | 1 546 | | |
| | 31 670 | 43 393 | | |
| Action line 2 | Establishment of ancillary enterprises in ancillary enterprises in farms | New SMEs in rural areas | Farms involved in work combine | |
| 2.1 Development of diversified rural industries | 637 | 537 | 10360 | |
| 2.2 Use and management of forests and promotion of wood-based energy | 108 | 13 | 410 | |
| 2.3 Small-scale mechanical wood processing on farms | 105 | 0 | 400 | |
| 2.4 Development of villages and rural tourism | 289 | 214 | 1 502 | |
| 2.5 Projects developing technology for farm operations | 8 | 2 | 1 385 | |
| 2.6 Training for village development and rural tourism | 0 | 6 | 0 | |
| | 1 147 | 772 | 14 057 | |

Annex 9

Objective 2-area - quantitative objectives achieved 1995-31.12.1999
(data entered in project register as of 31.12.1999)

| Packages of measures current in MAF sector | Secured jobs, men | Secured jobs, women | New jobs, men | New jobs, women |
|--|--|------------------------------|--------------------------------|-----------------|
| 1.1.1 SMEs, activation and development | 33 | 34 | 17 | 22 |
| 1.1.2 Networking and clusters | 40 | 6 | 3 | 0 |
| 3.3.3 Development of culture, tourism and other attractiveness factors | 11 | 6 | 3 | 0 |
| 2.2.1 Technological development and increase in technical standard | 1 | 1 | 0 | 0 |
| | 85 | 47 | 24 | 22 |
| | Training participants, men | Training participants, women | | |
| 1.1.1 SMEs, activation and development | 273 | 1 215 | | |
| 1.1.2 Networking and clusters | 857 | 860 | | |
| 3.3.3 Development of culture, tourism and other attractiveness factors | 10 | 21 | | |
| 2.2.1 Technological development and increase in technical standard | 110 | 95 | | |
| | 1 250 | 2 191 | | |
| | Establishment of ancillary enterprises in ancillary enterprises in farms | New SMEs in rural areas | Farms involved in work combine | |
| 1.1.1 SMEs, activation and development | 1 | 7 | 0 | |
| 1.1.2 Networking and clusters | 0 | 0 | 0 | |
| 3.3.3 Development of culture, tourism and other attractiveness factors | 0 | 0 | 0 | |
| 2.2.1 Technological development and increase in technical standard | 0 | 0 | 0 | |
| | 1 | 7 | 0 | |

LEADER II programme - some quantitative objectives achieved 1995-1999 (data entered in project register as of 31.12.1999)

| Measures sub-package B | Secured jobs, men | | | Secured jobs, women | | | New jobs, men | | | New jobs, women | | | New jobs part-time, men | | | New jobs part-time, women | | |
|---|-------------------|---------------|--------------|---------------------|---------------|--------------|---------------|--------------|--------------|-----------------|---------------|--------------|-------------------------|---------------|--------------|---------------------------|---------------|---------------|
| | EAGGF | ERDF | ESF | EAGGF | ERDF | ESF | EAGGF | ERDF | ESF | EAGGF | ERDF | ESF | EAGGF | ERDF | ESF | EAGGF | ERDF | ESF |
| B1) Administration | | | 70,00 | | | 51,00 | | | 12,00 | | | 22,00 | | | 47,50 | | | 139,50 |
| B2) Training | | | | | | | | | | | | | | | | | | |
| B3) Rural tourism | 21,00 | 15,00 | | 23,00 | 29,00 | | 12,00 | 18,00 | | 13,60 | 17,00 | | 68,50 | 49,00 | | 63,00 | 45,70 | |
| B4) Small enterprises, handicrafts | | 75,50 | | | 133,25 | | | 54,00 | | | 75,50 | | | 50,00 | | | 100,50 | |
| B5) Agricultural, forestry and fisheries products | 33,50 | | | 63,00 | | | 15,00 | | | 23,08 | | | 78,00 | | | 50,50 | | |
| B6) Environmental conservation and development | 29,50 | 10,00 | | 28,00 | 11,00 | | 14,00 | 13,00 | | 20,83 | 14,00 | | 44,00 | 46,25 | | 36,50 | 45,50 | |
| B9) External technical assistance | 12,00 | | | 9,25 | | | 15,00 | | | 15,00 | | | 12,00 | | | 14,00 | | |
| Total | 96,00 | 100,50 | 70,00 | 123,25 | 173,25 | 51,00 | 56,00 | 85,00 | 12,00 | 72,51 | 106,50 | 22,00 | 202,50 | 145,25 | 47,50 | 164,00 | 191,70 | 139,50 |

| Measures sub-package B | Training begun | | |
|---|----------------|----------------|----------------|
| | EAGGF | ERDF | ESF |
| B1) Administration | | | 6156,00 |
| B2) Training | | | |
| B3) Rural tourism | 217,00 | 205,00 | |
| B4) Small enterprises, handicrafts | | 2512,00 | |
| B5) Agricultural, forestry and fisheries products | 1344,00 | | |
| B6) Environmental conservation and development | 1295,00 | 2286,00 | |
| B9) External technical assistance | 4,00 | 15,00 | |
| Total | 2860,00 | 5018,00 | 6156,00 |

| Quantitative objectives for the years 1995-2000 | |
|---|-----------------|
| - number of those beginning training | 2678 persons |
| - new and secured jobs | 1500 jobs |
| at least half of these for women and people under the age of 25 | |
| - New enterprises | 300 enterprises |

| Measures sub-package B | Rural new SMEs | | |
|---|----------------|--------------|--------------|
| | EAGGF | ERDF | ESF |
| B1) Administration | | | 19,00 |
| B2) Training | | | |
| B3) Rural tourism | 23,00 | 20,00 | |
| B4) Small enterprises, handicrafts | | 46,00 | |
| B5) Agricultural, forestry and fisheries products | 30,00 | | |
| B6) Environmental conservation and development | 11,00 | 17,00 | |
| B9) External technical assistance | 10,00 | | |
| Total | 74,00 | 83,00 | 19,00 |

MTI LEADER II indicator data for enterprise aid projects by sub-measure

| | New jobs | Secured jobs | Project period jobs | Part-time jobs |
|------------------------------------|---------------|---------------|---------------------|----------------|
| B3) Rural tourism | 21,00 | 13,00 | 32,00 | 27,00 |
| B4) Small enterprises, handicrafts | 178,00 | 113,00 | 41,00 | 68,00 |
| B5) External technical assistance | 1,00 | 1,00 | 0,00 | 0,00 |
| Total | 200,00 | 127,00 | 73,00 | 95,00 |

Annex 10

Examples of different development activities

Theme or work programmes in the implementation of rural development plan

The programme can be implemented by strategic theme or work programmes which are drawn up in each region and which cover uniform topics. These programmes contribute to the development of sector chains and clusters. The main thing is that there should be clearly defined beneficiaries whose possibilities to influence are secured. Before actually starting the joint planning of programmes, a thorough scrutiny of the topic is carried out. The actual detailed planning of the programme is not started before the approval of this scrutiny. In many sectors, cross-regional programmes are justified. Sector programmes are connected to national development activities of the sector in question.

The aim is to form large programme aggregates where different operations complement each other. The practical stage of programme planning should be carried out in close cooperation with rural entrepreneurs of the sector, with other industries, experts of the sector, and sub-regions of the area. The aim of the planning process is to reach mutual understanding between the parties on development priorities, strategic guidelines, central measures, and financial needs.

Within the theme programme procedure, local authorities and sub-regions grant annual funding directly to the body implementing the programme. For example, marketing, product development, quality, woodcarving and nature guide training as described in the theme programme of tourism could be funded through one single ESF decision. The coordinator of theme programme draws up a plan for training contents together with a working group consisting of beneficiaries. Subsequently, the guidance group of the programme may compare the train-

ing plans and choose the body implementing each training section accordingly.

Concerning the area covered, the operations may be local pilots, development activities related to a territorial field, regional expert projects, or special projects covering a certain area.

The implementation of programme is started by choosing a full-time coordinator as well as a support and guidance group providing the necessary backing. The coordinator is responsible for setting up development activities in accordance with the programme together with interest groups and authorities. The guidance group is responsible for the selection of projects and measures to be implemented within the programme. Beneficiaries' opinions are taken into account in the decision-making by providing them with a representation in the guidance group.

The only point where the working group procedure differs from the above is that funding is granted to a body implementing an individual development project. Also in this procedure, the guidance group proposes to regional authorities and sub-regions the measures to be funded.

Territorial centres of expertise

Territorial centres of expertise can be created to support theme and working programmes. The resources of expertise centres would consist of leaders of different territorial projects or measures as well as of other company services. The advantage of the centre is to provide the sub-regional level with a solid expertise unit, which coordinates development activities and provides high-quality company services in the area, as well as transmits the feed-back of enterprises in sub-regions to bodies implementing regional projects and programmes.

Territorial expertise centres form a territorial extension together with regional, cross-regional and national project activities. The information flow within the network must be secured with the help of new electronic communication technology.

Expertise centres could consist of e.g. the following activities: territorial projects of theme or work programmes, the office of local action group, private service companies, guidance on enterprise setting-up allowance in employment offices, company incubator activities, the office of territorial secretary, the service point of the TE Centre, the services of innovation agent, economic guidance in municipalities, territorial activities of Rural Councillor Centres and Forest Centres. A competence unit consisting of 10-15 experts could thus be created and it would be close to the enterprises and inhabitants of the area.

When the programming period has finished, this unit could develop and become a significant applicant of development funds and a company-minded player of the expertise network in its own area. However, each sub-regional unit must decide whether they need a territorial expertise centre and which services it would be assigned.

Local action groups

A local action group is neither an applicant of project funding nor an authority or a social partner. It brings together the municipalities, associations and active citizens of its area to assume joint responsibility for regional development with the help of a programme which is implemented through projects.

During the programming period 1995 - 1999, there were 22 local action groups within the Community initiative LEADER II in Finland. Since local initiative was considered to be a good method, this activity was extended through the nationally funded POMO (Rural Programme of

Local Initiative) programme in 1997. There are 26 local action groups within the POMO programme. One third of Finnish rural areas, i.e. 825 000 inhabitants are included in LEADER activities. The POMO area covers also about one third of rural areas and 922 000 inhabitants.

The method based on local action groups has proved successful, because it is suitable to Finnish rural areas where small associations are predominant. Local action groups have succeeded in involving rural inhabitants in development activities, and this method has often produced good results with relatively small financial contributions. At the same time, a lot of new type of cooperation has been created, and consequently, programmes provide long-term benefits to related areas. Traditional indicators, such as new jobs or enterprises created are not sufficient to illustrate the results of local action groups' projects.

Also the municipalities of the areas where groups operate are more and more committed to this method. LEADER and POMO have complemented and reinforced the implementation of Objectives 5b and 6. For rural inhabitants it has been easy to approach local action groups, because the groups are closer to rural inhabitants than authorities, and on the other hand, anybody can participate in the operation of a group. Local action groups have also assisted applicants in the development of project ideas and preparation of project applications. Since the inhabitants of the area have felt the closeness of the method, the threshold of carrying out projects using other forms of funding has lowered. The method has also enhanced territorial identity at a more general level. Since local action group activities have proved to be a successful means of rural development, in the future it would be wise to connect it to other rural development programmes more closely than before (mainstreaming). In some Member States of the EU, this has produced good results. The aim is

to develop rural areas by using different instruments and programmes which complement each other and are in accordance with the agreed division of labour.

Local action groups participate in rural development activities by looking for new, innovative, grass-root level projects which would implement or complement the rural plan. During the past programming period, local action groups have still, to a certain extent, been searching their role in rural development, but in the future their role will be established. Rural development based on action groups is wide-ranging, and it includes also a clearly economic aspect. Since local action groups have an independent decision-making power, their inhabitant-oriented nature can be materialised in a genuine and activating way.

Local action groups set up projects and other activities in accordance with the programme they have prepared, and they cooperate with theme programmes, other development projects and organisations. One of the sectors where local action groups could operate is village development. The action group would thus put village

development measures together and create larger projects. The investment, setting-up and development aids of individual companies would be handled in the normal funding mechanism of the TE Centre.

If a project is subsequently enlarged to such an extent that it is no longer reasonable to implement it by the local action group, it can be transferred through theme programmes to be implemented more extensively. The comprehensive utilisation of developed ideas requires the participation of local action group leaders in the discussion of theme programme leaders.

Project proposals implementing the programme of the local action group are submitted to the local action group, which processes the proposals and gives a statement to the Employment and Economic Development Centre. The rural department of this makes decisions on project financing continuously. The Employment and Economic Development Centre may grant subsidies from the financing framework allocated for the group only in the case of beneficiaries that the local action group has favoured.

| <i>Investment in agricultural holdings (Ch. I, article 4-7)</i> | | | | | | | | | |
|---|-------------------------|------------------------|---|--|--------------------------------------|---------------|------------------------|------------------------------|--------------------|
| a.1. Level of supports | | | | | | | | | |
| a.1.2. Breakdown by type of investment (new beneficiaries) | | | | | | | | | |
| Main type of production | Number of beneficiaries | | % of the amount of the investments allocated to "green investments" | Total amount of investments undertaken | Total amount of eligible investments | Aid intensity | | Amount of public expenditure | |
| | Total | of which young farmers | | | | Total | of which young farmers | Total | EAGGF contribution |
| Primary processing of agricultural products | | | | | | | | | |
| Other entrepreneurial activities practised on the holding | | | | | | | | | |
| TOTAL | | | | | | | | | |

| <i>Investment in agricultural holdings (Ch. I, article 4-7)</i> | | | | | | | | | |
|---|-------------------------|------------------------|---|--|--------------------------------------|---------------|------------------------|------------------------------|--------------------|
| a.1. Level of supports | | | | | | | | | |
| a.1.2. Breakdown by type of investment (cumulated data) | | | | | | | | | |
| Main type of production | Number of beneficiaries | | % of the amount of the investments allocated to "green investments" | Total amount of investments undertaken | Total amount of eligible investments | Aid intensity | | Amount of public expenditure | |
| | Total | of which young farmers | | | | Total | of which young farmers | Total | EAGGF contribution |
| Primary processing of agricultural products | | | | | | | | | |
| Other entrepreneurial activities practised on the holding | | | | | | | | | |
| TOTAL | | | | | | | | | |
| Forecast | | | | | | | | | |

Training (Ch. III, article 9)

c. 1. Level of supports (new beneficiaries)

| | Number of training actions | Number of participants | Average number of days of training per participant | Total amount of costs born by the beneficiaries | Total amount of eligible costs | Amount of public expenditure | |
|---|----------------------------|------------------------|--|---|--------------------------------|------------------------------|--------------------|
| | | | | | | Total | EAGGF contribution |
| Quality training | | | | | | | |
| Training in application of production practices related to environmental protection, landscape management, animal welfare and hygiene | | | | | | | |
| Training promoting profitability of farms | | | | | | | |
| Training for better measures of forest management | | | | | | | |
| Others | | | | | | | |
| TOTAL | | | | | | | |

Training (Ch. III, article 9)

c. 1. Level of supports (cumulated data)

| | Number of training actions | Number of participants | Average number of days of training per participant | Total amount of costs born by the beneficiaries | Total amount of eligible costs | Amount of public expenditure | |
|---|----------------------------|------------------------|--|---|--------------------------------|------------------------------|--------------------|
| | | | | | | Total | EAGGF contribution |
| Quality training | | | | | | | |
| Training in application of production practices related to environmental protection, landscape management, animal welfare and hygiene | | | | | | | |
| Training promoting profitability of farms | | | | | | | |
| Training for better measures of forest management | | | | | | | |
| Others | | | | | | | |
| TOTAL | | | | | | | |

I Forestry (CH VIII, Articles 29-32

i.1. Support level (new beneficiaries)

| Measures | Number of beneficiaries | | Unit of reference | Number of units enjoying support | | Total amount of costs born by beneficiaries | | Total amount of eligible costs | | Average support, per unit of reference | | Amount of public expenditure | |
|--|-------------------------|-----|--|----------------------------------|-----|---|-----|--------------------------------|-----|--|-----|------------------------------|----------------|
| | Priv | Pub | | Priv | Pub | Priv | Pub | Priv | Pub | Priv | Pub | Total | of which EAGGF |
| Increase in economic, ecological or social value | | | -ha -km | | | | | | | | | | |
| Improvement of collection, processing and trade of forestry products | | | -number of enterprises involved | | | | | | | | | | |
| Use of wood as energy source | | | -bulk-m ³ -solidm ³ | | | | | | | | | | |
| New sales opportunities for promoting use and marketing of forestry products | | | -number of enterprises involved | | | | | | | | | | |
| Maintenance and improvement of ecological balance of forests in areas where forests serve a function of a public good type | | | -ha | | | | | | | | | | |
| TOTAL | | | -ha | | | | | | | | | | |

I Forestry (CH VIII, Articles 29-32
i.1. Support level (cumulative data)

| Measures | Number of beneficiaries | | Unit of reference | Number of units enjoying support | | Total amount of costs born by beneficiaries | | Total amount of eligible costs | | Average support, per unit of reference | | Amount of public expenditure | |
|--|-------------------------|-----|--|----------------------------------|-----|---|-----|--------------------------------|-----|--|-----|------------------------------|----------------|
| | Priv | Pub | | Priv | Pub | Priv | Pub | Priv | Pub | Priv | Pub | Total | of which EAGGF |
| Increase in economic, ecological or social value | | | -ha -km | | | | | | | | | | |
| Improvement of collection, processing and trade of forestry products | | | -number of enterprises involved | | | | | | | | | | |
| Use of wood as energy source | | | -bulk-m ³ -solidm ³ | | | | | | | | | | |
| New sales opportunities for promoting use and marketing of forestry products | | | -number of enterprises involved | | | | | | | | | | |
| Maintenance and improvement of ecological balance of forests in areas where forests serve a function of a public good type | | | -ha | | | | | | | | | | |
| TOTAL | | | -ha | | | | | | | | | | |
| Forecasts | | | | | | | | | | | | | |

o. Renovation and development of villages and protection and conservation of the rural heritage (Ch. IX, article 33)

o. 1. Level of supports (new beneficiaries)

| Action | Number of projects | Number of beneficiaries | Total amount of costs born by the beneficiaries | Total amount of eligible costs | Unit of reference | Average amount of support, per unit of reference | Number of units enjoying support | Amount of public expenditure | |
|--|--------------------|-------------------------|---|--------------------------------|---|--|----------------------------------|------------------------------|----------------|
| | | | | | | | | Total | of which EAGGF |
| Activating local communities and village activities | | | | | Number of development plans drawn up | | | | |
| Utilisation and maintenance of rural culture and tradition of the region | | | | | Number of preserved buildings Number of restored and new buildings | | | | |
| Enhancement of the quality and enjoyment of the environment | | | | | | | | | |
| TOTAL | | | | | | | | | |

o. Renovation and development of villages and protection and conservation of the rural heritage (Ch. IX, article 33)

o. 2. Level of supports (cumulated data)

| Action | Number of projects | Number of beneficiaries | Total amount of costs born by the beneficiaries | Total amount of eligible costs | Unit of reference | Average amount of support, per unit of reference | Number of units enjoying support | Amount of public expenditure | |
|--|--------------------|-------------------------|---|--------------------------------|---|--|----------------------------------|------------------------------|----------------|
| | | | | | | | | Total | of which EAGGF |
| Activating local communities and village activities | | | | | Number of development plans drawn up | | | | |
| Utilisation and maintenance of rural culture and tradition of the region | | | | | Number of preserved buildings Number of restored and new buildings | | | | |
| Enhancement of the quality and enjoyment of the environment | | | | | | | | | |
| TOTAL | | | | | | | | | |
| Forecasts | | | | | | | | | |

REGIONAL RURAL DEVELOPMENT PLAN FOR AREAS OUTSIDE OBJECTIVE 1 FOR 2000-2006, DRAFT 30 AUGUST 1999

Ex ante evaluation Finnish Regional Research FAR

7 October 1999

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Summary

This *ex ante* evaluation concerns the Regional Rural Plan 2000-2006 for areas outside Objective 1. The evaluation is based on a draft of 30 August 1999, except for certain revisions made on the basis of the draft dated 27 September.

In the evaluation the main emphasis is on the assessment of the consistency of the strategy and objectives presented in the plan, and the methods of evaluation are mainly based on compari-

son and deduction. Statistical material used comes from public statistics, and the evaluation also utilizes a number of studies on the topics concerned published in the publication series of various research institutes.

The most important revisions proposed concern improving the compatibility of the strategy, objectives and means as well as the establishment of an appropriate set of indicators.

1. Introduction

The programming period 2000-2006 is the second period of the implementation of programme-based regional development. After the EU membership in 1995 regional programmes based on Objectives 2, 5b and 6 as well as horizontal programmes based on Objectives 3, 4 and 5a were implemented in 1995-99. In addition to these, Community Initiatives (e.g. LEADER, Interreg) and complementary national measures (e.g. POMO programmes) have been applied. The different actors in this field have relatively short experience in such policies compared to the other Member States, but much has already been learned from the experiences of the first programming period.

Finland starts the programming period 2000-2006 in a quite difficult situation in terms of the regional and economic policies. The beginning of the first programming period was considerably influenced by the deep and quite exceptional depression, which was unlike anything Finland had experienced since the early 1930s. When the recovery from the depression began, the production grew quite rapidly and the improvement in the employment was very important for the implementation of the programmes in 1995-99.

However, the depression and EU membership changed both the structures and actions in a way that has significant long-term impacts. Despite the rapid increase in the production towards the end of the 1990s, the rate of unemployment is still at quite a high level (see Figure 1). As a result of the EU membership agriculture was detached from the rest of the society to operate at the price level of the single market, which is only a fraction of the production costs of the Finnish agriculture. Agriculture became highly dependent on income transfers aimed at correcting this imbalance and securing the continuation of agricultural production. This dependence on support has become a

dominating factor in all operations and future prospects of this sector. A third area which has undergone significant changes is the development of the rural regions proper, especially sparsely populated areas. Partly as a result of the changes in agriculture and agricultural policy and partly due to the development of jobs and changes in the image of areas the rapidly accelerating migration has led to the depopulation of the rural areas and the population is to an increasing extent becoming concentrated to the few growing population centres (Figure 1). The national policy measures in the different sectors have also contributed to this development in many ways.

This is the starting point for the implementation of the rural plan for 2000-2006. The future prospects of both the regions and farms are the weakest in the remote rural areas and the most positive in urban areas and rural areas adjacent to towns, while in the core rural areas the situation varies considerably, and in general it is somewhere between the two extremes. The development is very clearly reflected in the statistics, such as presented in Figures 2 and 3.

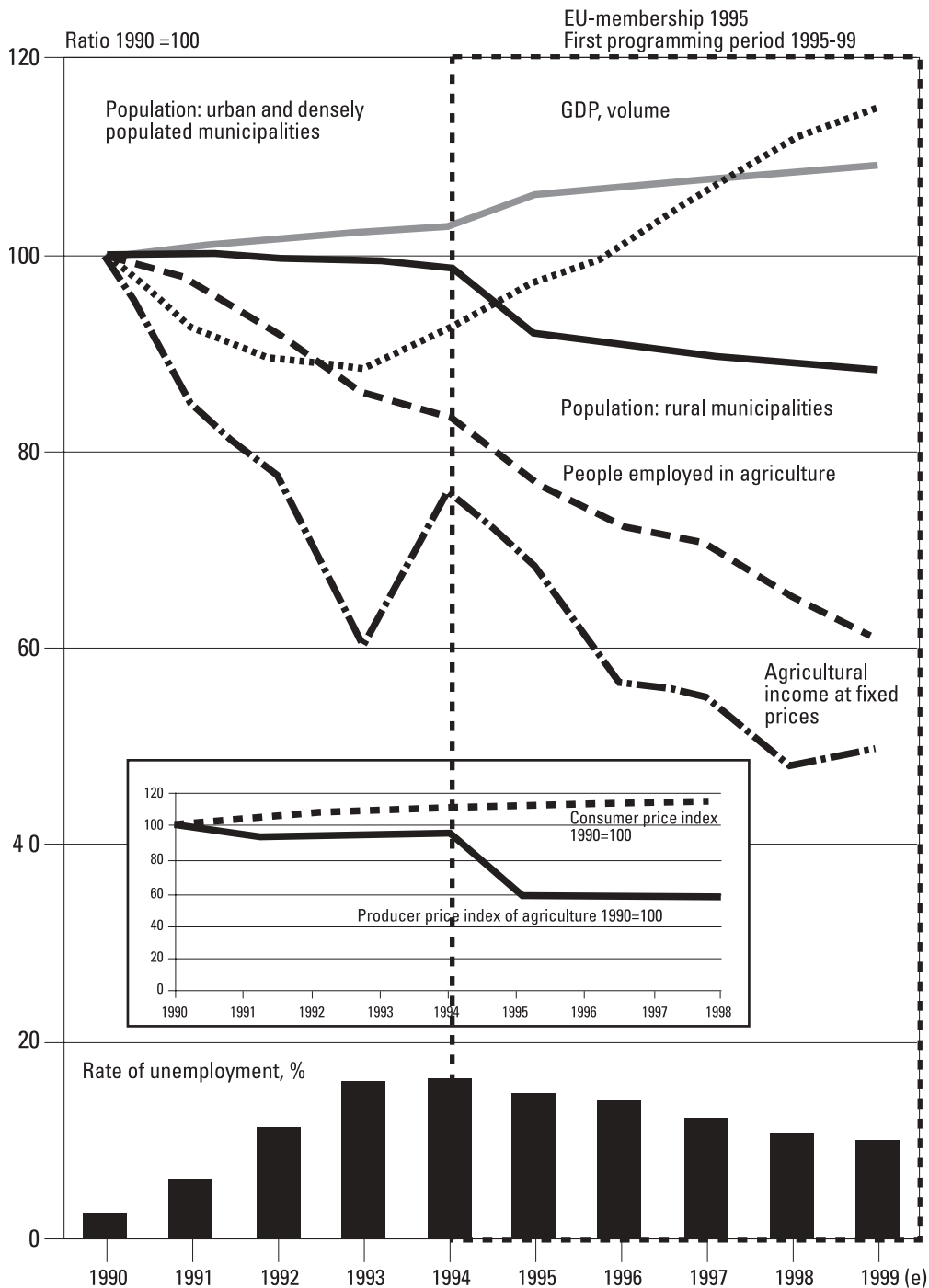
According to the forecast of the Statistics Finland, by the year 2010 most of the growth in the population occurs within the triangle Helsinki-Turku-Tampere, both in provincial centres and adjacent areas from where people can commute to the centres (Figure 2). The population is forecast to decrease in almost half of the municipalities in Finland, i.e. those located outside the areas influenced by the nearby centres (Kuhmonen 1999). The development of these regions is highly problematic, and the number of these within the area covered by the plan is considerable.

The number of transfers of farms to descendants collapsed to about half as a result of the EU membership as the operating conditions in the sector tightened and it became to an increasing

extent dependent on support based on policy decisions. Proportionally the number of transfers of farms to descendants has been the largest in the provincial centres and areas adjacent to these, where the livelihood of farms is partly based on wage income (Kuhmonen 1998). On the basis of the development of the number of

farms and transfers of farms to descendants, the future prospects of farms are the most favourable in Southern and Western Finland, i.e. the coastal regions. In the inland regions the number of farms is falling rapidly, and the number of farms transferred to descendants in the 1990s has been very small (Figure 3).

Change in the general development trends in 1990-99

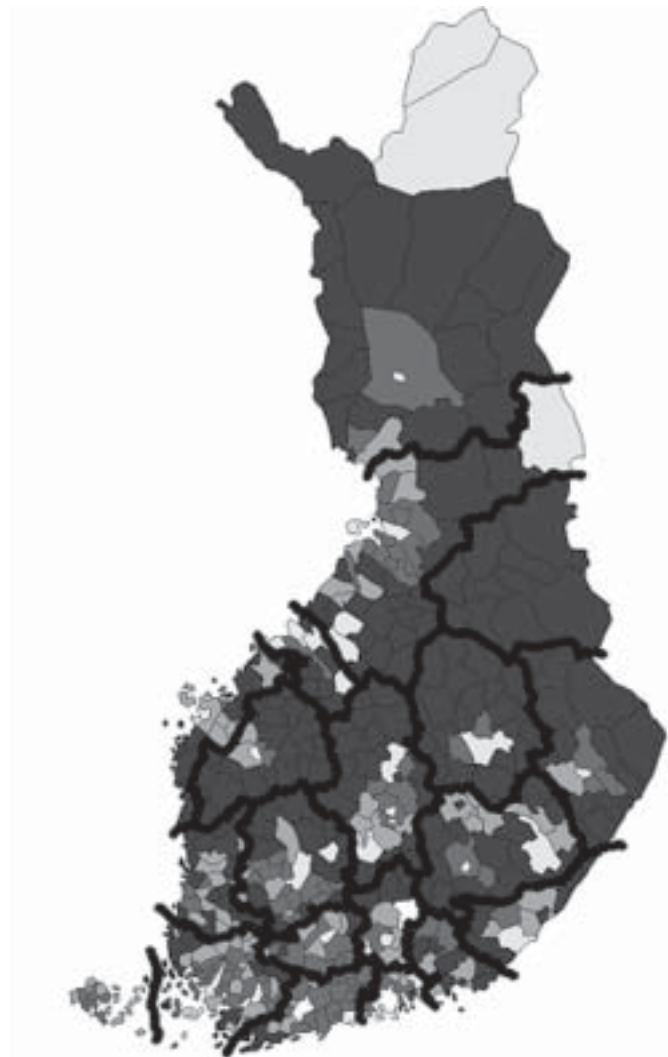


Source: Calculated from data of the Statistics Finland and Agricultural Economics Research Institute
Figure 1.

The producer prices of agriculture will be further reduced according to the Agenda 2000 settlement, and part of the losses will be compensated for by raising the support based on the means of production. Even if the compensation to the Finnish agriculture may cover the losses almost completely, the basic problem in this sec-

tor, i.e. the imbalance between the low producer prices and high production costs due to natural conditions, will become worse. In other words, the dependence of the sector on public support grows even more. The income formation of a sector where all of the compensation for the means of production, i.e. agricultural income, is

Population Trends and commuting



| Expected change in population in 1997-2010,% (Statistic Finland) | Share of people working outside their municipalities of residence of the employed in 1995, % (commuters) | number of municipalities |
|--|--|---|
| Population grows | Above average (27,7%) | 112 municipalities |
| | Below average (27,7 %) | 34 municipalities |
| Population falls | Above average (27,7%) | 88 municipalities |
| | Below average (27,7%) | 215 municipalities |
| | | no information available (3 municipalities) |

Source: Kuhmonen, T. 1999. *Analysis of the industrial structure, agriculture and forestry and interaction between the urban and rural areas in Western Finland from the perspective of the strategies for the regional development in 2000-2006. Studies in the future of the rural areas 5. Fin Auguuri Ltd.*

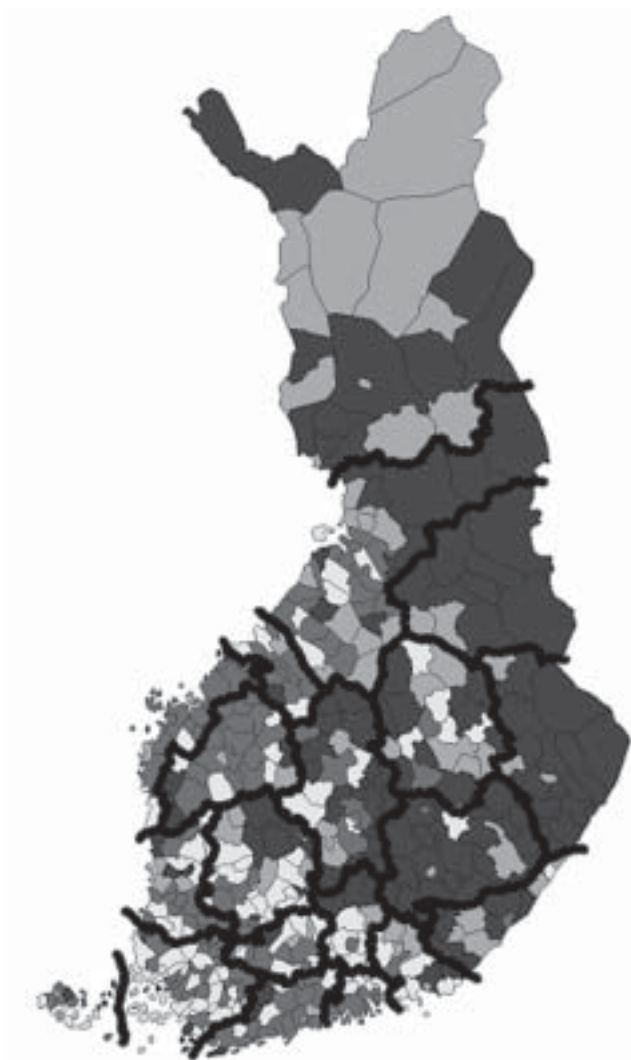
Figure 2.

support, is not economically sound. This highlights the role of all measures raising the value added of agricultural production and farms based on the market conditions in order to prevent the dependence on support from growing during the adjustment process of the sector e.g. due to the decrease in the production.

These general development trends have been taken as the starting point for the operating environment in the evaluation of the regional rural development plan.

The ex ante evaluation of the Regional Rural Development Plan for 2000-2006 for Areas

Farms and Number of transfers to descendants



| Change in the number of active farms in 1990-96, % | Transfers of farms to descendants in 1991-97, average % of number of active farms in 1990 | Number of municipalities |
|--|---|--------------------------|
| Increased or decreased less than average (-26,8%) | More than average (1,57%) | 138 municipalities |
| | Less than average (1,57%) | 116 municipalities |
| Decreased more than average (-26,8%) | More than average (1,57%) | 66 municipalities |
| | Less than average (1,57%) | 131 municipalities |

□ no information available (3 municipalities)

Source: Kuhmonen, T. 1999. Analysis of the industrial structure, agriculture and forestry and interaction between the urban and rural areas in Western Finland from the perspective of the strategies for the regional development in 2000-2006. Studies in the future of the rural areas 5. Fin Auguuri Ltd.

Figure 2.

Outside Objective 1 is made on the commission of the Ministry of Agriculture and Forestry as a joint project between the Finnish Regional Research FAR and Fin-Auguuri Ltd.

2. Methods

In the ex ante evaluation the main emphasis is on the strategy and objectives as well as issues related to consistency, and thus the methods used are mainly based on comparison and deduction. All data used come from public statistics. Evaluation also utilizes a number of studies on the topics concerned published in the publication series of various research institutes.

For the most part the evaluation concerns the draft for the rural plan of 30 August 1999, ex-

cept for certain revisions made on the basis of the draft dated 27 September 1999.

The observations and conclusions have mainly been recorded so that the sections requiring improvement or clarification are given. Due to the limited time available, no separate account of the strengths of the drafted plan could be included in the evaluation report.

3. Evaluation results

3.1. SWOT analysis of the area of the rural plan

The selection of the strategy and objectives of the rural plan has been based on the SWOT

analysis (strengths, weaknesses, opportunities, threats). The result of the analysis has been presented as follows (Chapter 5.1.):

| | |
|---|--|
| <p>Strengths:</p> <ul style="list-style-type: none"> - counselling and training organizations - skills in agricultural production - local development work based on own initiative - differences between rural areas | <p>Weaknesses:</p> <ul style="list-style-type: none"> - decrease in population - unemployment - undeveloped cooperation culture |
| <p>Opportunities</p> <ul style="list-style-type: none"> - pluriactivity - closeness of markets - rural and archipelago nature - natural resources, esp. forests and watercourses - remote work and part-time residence - characteristic and pure environment | <p>Threats:</p> <ul style="list-style-type: none"> - loss of faith in the future - decrease in the attractiveness of rural areas - deterioration of the state of the environment |

Source: Rural plan p. 27

The results of the SWOT analysis have been formulated into a strategy frameworks concerning the utilization of the strengths and opportunities, preventing weaknesses and preparing for threats. However, these have not been ordered in relation to each other, but they are simply listed. The strategic priorities are presented later on, with reference to the strategy of the plan.

The SWOT analysis is quite narrow. It could be complemented by an international dimension (what are the characteristic features of the area in terms of the four dimensions on the EU scale?). Another dimension missing in the analysis are the differences within the area, which are referred to as one general strength only. In practice there are several strong specialized concentrations of agricultural production as well as remote areas that are likely to continue to decline in the future (cf.

Figures 2 and 3). Based on the above analysis one easily arrives at wrong conclusions concerning the role of the actors and use of means in the area. For example, the closeness to markets concerns only a small part of the area (areas adjacent to rural centres, cf. Figure 2).

***Proposal:** The SWOT analysis should be complemented by an international and intra-regional dimension, together with a more thorough analysis of the different dimensions.*

An analysis intended to be used as basic data for a strategy to be selected should also deal with the experiences obtained from earlier measures and strategies, which in the plan have been presented in a different connection (Chapter 3: Experiences from programme work 1995-99).

Only one of such experiences, 'development work based on local initiative', has been included in the analysis as a basis for the selection of strategies. The experiences from the first programming period would make it possible to draw a considerable number of conclusions – both positive and negative. For example, the 'lack of a clear rural strategy', which was considered a serious shortcoming in the previous programme, is reflected hardly at all in this programme. Some areas have quite recently drawn up extensive development strategies for agriculture or the rural areas (1998 and 1999, e.g. in Central and Southern Ostrobothnia), but these programmes or the strategy problem in general have not been taken into account in the rural plan. The proposed strategy is not as such suitable for all of the areas concerned, and especially the focus should be more accurately differentiated for the different areas.

Proposal: The experiences from the first programming period should be considered more critically for the part of both the strategy and principles of operation and the contents. In the plan these have been noted quite briefly separately from the formulation of the strategy, and no observable strategic conclusions have been made on the basis of these. This problem should be solved in order to achieve a maximum social return on the funds to be invested in the programme during the long programming period covered by the rural plan.

Technical observations concerning the details of the rural plan in this section are presented in Annex 1.

3.2. Consistency of the strategy in relation to the situation in the area as well as the proposed objectives and measures, common agricultural policy of the EU and other policy sectors

The strategy of the programme ('strategic factors') has been summarized as follows (Chapter 5.2.):

The objective of the programme is to stop the decrease in the population of the remote and core rural areas and, through this, to achieve a balanced population development in the area covered by the plan (population objective). Further objectives and partly measures include maintaining the rural villages as attractive places of residence, work and entrepreneurship (residence objective), diversification of the industrial structure to correspond to the demand, increasing the possibilities for entrepreneurial activity and employment as well as strengthening the economic basis of farms (employment and industrial objective), and extensive development of knowledge and skills (strengthening of expertise objective).

The direction of the strategy seems correct, but it is somewhat incomplete and contradictory. The main strategy or objective, i.e. population development, is implied to concern the remote and core rural areas, which represent only a quarter of the population and $\frac{3}{4}$ of the area covered by the plan. The emphasis as such is correct as the development prospects are structurally much weaker in the remote and core rural areas than in rural areas adjacent to towns and in urban areas (cf. Figure 2). However, the programme is probably not intended to be applied in these areas only so that the urban areas and areas adjacent to these with better development prospects would be completely excluded?

Proposal: If the main objective of the rural plan is a balanced utilization of the constructed settlement and service network and slowing down the depopulation of certain problem areas (see also p. 3 in the programme), the main strategy should be reformulated to include regional differentiation of the use of funds and means. On the other hand, if the idea is not to differentiate the programme according to the different kinds of rural areas in terms of the development problems, the strategy should be openly written to show this, because a fully

horizontal application does not correct the relative position of the areas with the most serious problems.

Further objectives supporting the main strategy/objective include attractiveness as place of residence, jobs and industries as well as skills. These are probably also intended as the main lines of action to achieve the main objective (population objective). It is obvious that all of these contribute to the development of the population in a certain area. However, the volume of the means of the rural programme is very small compared to many other factors influencing these issues, such as regional allocation of other policies as well as the means of the horizontal rural development plan. The relation between the rural plan and other public measures, strategies or policy sectors has not been adequately taken into account in the plan, even if this is a core issue in terms of the success of the strategy. The total impact of the rural plan is considerably weakened if other policies do not support the efforts involved.

Proposal: *The strategies and objectives of the rural plan should be complemented to include a description of the connections between the strategies and objectives of the plan and those of the other social policy sectors especially in terms of their regional dimension.*

At the level of titles there is a partial, logical connection between the outlined strategies and the three priorities proposed. Efforts are made to achieve the population objective through the strategies concerning residence, jobs, industries and strengthening of skills. For the most part these elements are present in all priorities. Thus the priorities are not directly based on the strategic objectives, but they may be considered to follow the traditional classification of the administrative or policy means (agriculture, other rural enterprises, village activity). The reasons for the inclusion of measures in the priorities are not quite clear, even if all measures obviously con-

tribute to the achievement of the objectives of the priority concerned. However, there are no direct and logical links from strategy/objective through priorities to measures and expected impacts.

Proposal: *The priorities can also be constructed starting from the strategic objectives (residence, industries, expertise). This would make it easier to see the measures and impacts corresponding to each strategic objective of the programme.*

The first programming period has provided a great deal of experience for the development and projects related to village activities. The role of village activity receives considerable emphasis in the rural plan. Activities based on villages do have a role in the development of rural areas, but based on the earlier experiences the economic dimension of this calls for critical assessment. The financing of village activities on economic or organizational grounds seems no longer justified, if this is done in the same way as earlier. In many rural areas municipalities are likely to be the smallest units for cooperation and field of activity in the creation of sustainable and profitable economic activities, and municipalities also constitute a strong regional level as communities and in maintaining the local identity. Village organizations have also been organized to the extent that the operating conditions should already be quite good. Basic questions that still remain open are 1) should the financing of village activities on the basis of economic and employment objectives be reduced, i.e. should the role of culture, residential environment, landscape management, recreational activities, strengthening of communities, etc. receive more emphasis as financing criteria and 2) if the financing is based on economic and employment factors, what are the measures and means through which the role of villages and the significance and impacts of their activities in these sectors could be considerably increased.. The dispersion is obviously great in the projects involved, as is the case

in the other types of projects, too. The utilization of local action groups other than those based strictly on villages (e.g. municipal or regional) is well justified.

Proposal: *The rural programme should include a critical discussion on the current role of village activity as well as supporting activities from the programme funds within the village framework. It should be decided whether village activity is primarily supported on the economic grounds or based on objectives related to culture, residential environment and attractiveness, as well as how the possible support based on economic and employment effects would yield a maximum value in terms of the public input by developing the ways and models of action. The municipal level should be considered as the primary unit in the development of the rural communities. The use of local (municipal and regional) action groups as means of implementing the priorities is well justified.*

The lack of financial data makes it very difficult to evaluate the measures.

Technical observations concerning the details of the rural plan in this section are given in Annex 1.

3.3. Estimated impact of the measures of the rural plan

The expected impacts of the rural plan comprise about half a page (Chapter 8). Some qualitative objectives have been listed in the section concerning the objectives, but no quantified objectives are established.

One of the main problems in the strategy is in fact mentioned only in the section concerning the objectives: "It is very difficult to provide any accurate estimates of the social impacts of the rural plan, because this is only one of the factors influencing the development of rural areas". This issue could have been dealt with earlier in connection with the strategy.

The qualitative impacts listed in the programme include population development (incl. willingness to migrate and use of infrastructure), operating conditions of farms and projects directed at women. The introduction of the theme of equality only at this stage is surprising. In the 1980s about 100,000 new jobs for women were created in the municipal sector (but hardly any jobs for men), which made it easier for rural women to find employment e.g. outside farms. The depression in the 1990s made it necessary to cut the public sector, which weakened the employment possibilities in an essential way. This should have been included in the focal areas of the previous programme. Towards the end of the decade the economy based on production has grown quite rapidly, and this has improved the employment possibilities in fields dominated by men for the part of labour with suitable education and geographical location. The recovery of the economy has also led to an increase in the number of jobs in the public sector (Statistics Finland). The employment problem has become increasingly regional, and in the case of, for example, many single men living in rural areas who may become isolated from the communities the problem is very serious indeed, because the adjustment problems of agriculture affect the men more than women (e.g. some farms are run by men alone). Restricting the equality issue to concern women only reflects the inadequacy of the analysis as the situation has changed and become differentiated by region.

Proposal: *The establishment of the qualitative objectives for the rural plan is still incomplete and the outlined objectives have not been logically incorporated into the description of the initial situation and development trends in the area covered by the programme. Quantified objectives are still missing. The section requires revision and complementation.*

Technical observations concerning the details of the rural plan in this section are given in Annex 1.

3.4. Quantification of the objectives and establishment of relevant indicators

In the programme draft presented for evaluation the quantified objectives (Chapter 8) and quantified indicators (Chapter 9.3) were still missing.

Proposal: *The quantified objectives as well as indicators for monitoring and evaluation are prepared in an appropriate manner (input, output, result and impact indicators, with reference to initial and target values, cf. the indicative methodology of the EU Commission)¹.*

A number of indicators has been given in connection with each priority (Chapter 6, paragraph 3). The priorities of the rural plan are 1) development of agriculture and forestry, 2) diversification of rural industries and 3) development of rural communities. In connection with each 3-4 indicators or "measurements" are given, and it is stated that "the lists of indicators will be complemented based on the drafts for monitoring and evaluation indicators to be dealt with later on in the Star".

It is obvious that all of the indicators for individual measures are intended for the evaluation of the impacts of the programme. As it is stated that these will be complemented later, it seems that the indicators given have already been selected for the measurement of the impacts of the programme in 2000-2006.

The measures included in different priorities are partly the same, with some difference in emphasis (e.g. farm investments and training). Some of the indicators are very specific (reduction of the cereal drying costs), measuring a single detail, while some are quite general (new enterprises,

new jobs). Thus it is quite ambiguous whether the purpose of the indicators is to measure the impacts of the use of certain means or the achievement of the objectives of the priority in question. However, no clear objectives have been set for the priorities, and the suggested indicators do not measure the qualitative objectives of the priorities adequately. Some of the indicators are also illogical, e.g. the decrease in the number of tractors and combine harvesters (per ha) measures in the first place the fall in the capital stock of agriculture as uncertainty reduces investments rather than the extent of cooperation in the use of machinery between farms or cost savings, which this indicator was probably intended for.

Proposal: *The indicator system of the whole rural plan should be thoroughly revised, starting from a "clean table", because the random indicators proposed are not suitable for the measurement of the impacts of the whole programme, selected priorities or single measures. Indicators serving the monitoring of the programme as well as those evaluating its impacts should be taken into account in the indicator system. In drafting the system for impact indicators, the strategy selected for the programme and the general objectives as well as the selected priorities and the measures to be implemented within these should be taken into account so that the indicator system is logical and adequate in terms of all aspects of the programme. The regional level at which the indicator data is produced and used should also be established (cf. the comments on the strategy above).*

Technical observations concerning the details of the rural plan in this section are given in Annex 1.

1. Indicators have been specified in the draft of 27 September 1999. However, some of the objectives and the corresponding indicators are still quite ambiguous and unrealistic. E.g. maintaining the current population figures in the remote and core rural areas through the measures of the programme seems unlikely, as the forecast of the Statistics Finland for these areas shows a decrease of 5.3% and 3.7%, respectively, during the period 1997-2000. The population of the whole area of the plan is forecast to increase by 3.3% due to the growth of the urban areas, which is not influenced by the plan. Reference to the list of indicators of the EU Commission alone does not seem an adequate method of defining the tools for monitoring and objectives.

3.5. Revision of the proposed administrative arrangements for implementation

Chapter 9 deals with the implementation of the programme from the organizational perspective. This includes the competent authorities and bodies, monitoring, evaluation and control, quantified indicators (dealt with above) links to other programmes, hearing of cooperation partners and ways of action in the development work. The chapter concerning the national legislation and following of competition legislation was still missing in the draft submitted for evaluation, and the section on ex ante evaluation was not completed. Chapter 10 concerning the studies, demonstration projects, training and technical assistance operations was also missing. In the following each of the main points of the administrative section of the programme has been dealt with separately.

3.6. Competent authorities and bodies

The administrative distribution of labour in the actual implementation of the programme is clear: financing decisions are made by the rural departments of the TE-Centres, which are also responsible for the leadership of the project work (incl. processing and marketing support). At the national level the implementation of the programme would be monitored by an unofficial advisory control group, which would mainly consist of regional and local authorities. There would also be an advisory rural work group in all TE-Centres. The control group would probably work under the Ministry of Agriculture and Forestry, while the rural work group would be under the rural departments of the TE-Centres.

The financing of farm investments (earlier 5a measures) will be organized in the same way as in the previous programming period.

At the Ministry of Agriculture and Forestry the rural plan has been drawn up on the basis of

“proposals from regions” and, for the most part, “support of the rural work group”. The hearing of the different parties involved has been dealt with separately.

The rural plan has been drawn up as a parallel process with Objective 2. To some extent these cover the same areas, and they may also contain the same measures. When the Objective 2 programmes were prepared the rural development measures were for quite a long time assumed to be included in the future programme. For example, the strategic outlines, together with analyses, were completed in January-February 1999, and the decision to exclude the rural development measures from Objective 2 (articles 9, 2-30, 33) and to draw up a special rural development plan for these was made quite suddenly in May 1999. The Association of Provinces had been responsible for the preparation of the Objective 2 programmes, while the rural development plan has been prepared by the rural departments of the TE-Centres.

Thus the decision to separate the rural development measures from Objective 2 was made at quite a late stage of the programme work. This has led to two kinds of problems: some of the work done in the development of regional development programmes was wasted and the balance of the programme has suffered, and the preparation of the rural plans at the rural departments of the TE-Centres has not always been capable of following the changes in the plans. The decision concerning the separation was made in May 1999, and the programme to be evaluated was completed in August 1999. In the rural plan submitted for evaluation it is very difficult to find sections that would be based on data or proposals from the regions, even if this should be the case according to the programme.

The areas included in Objective 2 have become somewhat fragmented due to political decisions, and thus there is a certain point in hav-

ing a uniform rural programme. If the measures involved were included in Objective 2 programme, the decisions on these would be made according to the organizational model for regional development plants under the Association of Provinces. In some provinces part of the area would be covered by this decision-making system, while part of the area would be included in the decision-making system of this plan for the part of the same measures. This might lead to inappropriate arrangements and distortions within the areas.

Proposal: *In terms of the implementation of the programme the set of means selected in the rural plan seems appropriate; the inclusion of rural development measures in the Objective 2 programme would distort their implementation if in the other parts of the area the rural plan would be implemented e.g. in the way proposed in this plan, i.e. it would be separated from the decision-making related to the regional development plans. Another alternative is to include the implementation of the rural plan in the general decision-making system of the regional development plans both in areas covered by Objective 2 and the areas outside this. The most important point is that the system is the same for Objective 2 areas and the areas outside this.*

Proposal: *The rural development plan is said to be based on proposals by regions. This is not reflected in the programme in any way. The programme should specify what the regions have proposed and how this has been taken into account in the programme, and the regional perspective should in general receive more emphasis.*

Proposal: *The management system of the rural plan is dominated by the central administration, while the provincial and regional groups have an advisory role only. This means that the Ministry of Agriculture and*

Forestry and the TE-Centres may decide the way of implementation and the contents of the programme. The role and participation of regions should be increased in the model of administration.

Proposal: *The decision on the compilation of the rural development measures into a single programme should have been made earlier during the progress of the preparation of the regional development plans, and then the preparation of the rural plans should have been explicitly coordinated into the regional programme work. Thus the rural plan covering the whole country (excl. Objective 1 areas) would have become genuinely regional and the links to Objective 2 programme would have been taken into account early enough. The complicated procedure should be explained in the programme so that this could be taken into account in the preparation of the next programme, and the links between the rural plan and the implementation and organization of Objective 2 programmes should also be specified for the period 2000-2006.*

Monitoring, evaluation and control

The section on monitoring and control deals with the information systems and responsibility for the control. In the information systems the indicators to be selected and the related needs for data have to be taken into account. There is already an effective control organization, and the monitoring would be led by an advisory monitoring group. Evaluation will be realized as required by the Regulation.

Proposal: *The position of the monitoring group should be strengthened. The independence of the evaluators of the programme should be emphasized as the implementation is designed to be centrally governed (the Ministry of Agriculture and Forestry and the TE-Centres have the decision-making power, oth-*

er bodies have an advisory role only). Thus the evaluation cannot be done e.g. by organizations working under the Ministry of Agriculture and Forestry. The set of indicators for the evaluation should be constructed on the basis of e.g. the guidelines proposed by the EU to serve holistic and appropriate evaluation of the programme.

Links to other programmes

The rural plan presents an account of the links between the plan and the horizontal rural measures, Objective 2 programme, Objective 3 programme/ESF framework and Community Initiatives, and reference is also made to the national rural development measures.

Horizontal rural development measures would include compensatory allowances and agri-environmental support, while the support to early retirement and afforestation would no longer be used. With reference to rural measures it is noted that the starting point has been “appropriate harmonization of agricultural policy and rural development measures in order to secure a balanced development in the whole country”. However, the shift of emphasis in the rural plan due to the anticipated impacts of the horizontal measures remains unclear (e.g. whether the designed horizontal system leads to “balanced development in the whole country”, and if it does not, how this can be patched up through the measures of the rural plan). The inadequate formulation of the strategy is thus reflected in this section of the plan, too.

Proposal: *Compensatory allowances and agri-environmental support are significant measures with direct impacts on the operating conditions of farms, and a controlled and carefully designed implementation in the whole country is justified in order to prevent distortions between the regions. This is due to the fact that Finland suffers from a natural handicap and other adverse factors that have*

to be taken into account in the systems concerned at the national level. The complementation of the horizontal plan for the part of the variation between the regions should be more thoroughly analysed, partly as a part of the strategy section, and partly in connection with using the means involved.

Proposal: *The links of the rural plan to the highly significant investments support, which will in the future be nationally funded, should be included in the programme document (strategy, objectives, measures, impacts, complementation, coordination procedure).*

The priorities of the Objective 2 programme have been presented (missing in the case of one of the programmes), and the relationship between this programme and the rural plan in terms of the funds has been dealt with. The need for coordination has been noted in the plan, and this is obviously very important due to the preparation procedures and distinct administration of the programmes. Reference is made to the promotion of the interaction between the urban and rural areas as one joint focal area.

Proposal: *Due to the distinct administration systems a more detailed and carefully structured and justified coordination model should be established for the Objective 2 programmes and the rural plan. The joint focal area concerning the interaction between the urban and rural areas has been dealt with in Objective 2 programmes, but in the rural plan the analysis of this, its significance in terms of the strategies and objectives, role in the different priorities and impact on the selected indicators is missing – these aspects should be included in the plan in order to be able to keep up this joint objective.*

In the case of Objective 3 the rural plan includes a description of the contents of the measures and outlines training measures in rural areas financed from the ESF. The contents of the pro-

posed plan call for no further comment, but the coordination problem is the same as for the part of the Objective 2 programmes.

Among the Community Initiatives only LEADER+ has been dealt with (others were missing from the draft presented for evaluation), and the actions involved may be financed either through the LEADER programme or based on the rural plan (outside the area covered by Objective 1). This procedure is clear and flexible, and it calls for no further comment.

The section on the national rural development measures deals mainly with the role of the cooperation group for rural policy. There is no need for further comment.

Hearing of cooperation partners

The section describes the preparation process of the rural plan. In the case of statements requested in August 1999 there is no reference to whether these involved the Associations of Provinces, which have the responsibility for regional development. It is also noted that "XX statements were obtained, and the programme proposal was revised on the basis of these", and that a second set of statements was requested on the final proposal, but the parties involved are missing.

Proposal: *The parties from which statements were requested should be specified in detail, together with an account of how the contents of the statements were taken into account in the rural plan.*

Ways of action in the development work

This section deals with the possibilities to use theme programmes in the implementation of the programme, establishment and role of regional centres of skills or advisory centres, as well as local action groups (earlier LEADER and POMO groups).

Based on the experiences from the first programming period the possibility to use theme programmes is well justified, as long as these are not too extensive. The establishment of regional centres can also be considered justified, even if these involve the risk that the financing becomes based on organizations instead of activities. The role of local action groups is appropriately understood.

The ways of action as well as other parts of the programme are characterized by centrally managed programme work, and the role of the grass-root level in the establishment of the ways of action is inadequate. One aspect of the ways of action during the first programming period criticized from the perspective of the rural regions themselves concerned this point. The rural development projects have three kinds of impacts: 1) learning development work at the different levels of the operating network, 2) short-term benefits from the projects as a result of the direct employment effects, and 3) actual operational results and impacts, usually in the long term. If a considerable share of the project financing is granted to large organizations located in major towns, the short-term employment benefit becomes also concentrated to these centres, even if the need would be the most urgent in the rural problem areas themselves. The centrally led and organization-oriented perspective to the ways of implementing the programme easily leads to a paradox: rural areas are being developed by organizations located in the main centres, which also receive the largest share of the wages and other funds allocated to the implementation.

Proposal: *Activities should receive more emphasis in planning the ways and regulations of action. The possibilities of development organizations located in rural areas to obtain funding should be improved, and more attention should be directed at the allocation of the funding within the target areas in order to prevent the funds from being concentrated to the centres (incl. the indicators to be established),*

because such a procedure would contribute to the development of the urban rather than rural areas. The strengthening of the organization network of the rural areas should not be based

on the local action groups alone in order to direct a larger share of the funding to the target areas than was the case during the first programming period.

4. Conclusions and proposals

This evaluation is based on the draft of the rural plan dated 30 August 1999. Based on the evaluation, the following recommendations are given:

The analysis of the strengths, weaknesses, opportunities and strengths in the area covered by the rural plan

Proposal: *The SWOT analysis (Chapter 5.1.) should be complemented by an international and intra-regional dimension as well as a more thorough analysis of the different dimensions.*

Proposal: *The experiences from the first programming period should be considered more critically for the part of both the strategy and principles of operation and the contents. In the plan these have been noted quite briefly separately from the formulation of the strategy, and no observable strategic conclusions have been made on the basis of these. This problem should be solved in order to achieve a maximum social return on the funds to be invested in the programme during the long programming period covered by the rural plan.*

The consistency of the strategy proposed in relation to the situation in the area as well as proposed objectives and measures, common agricultural policy of the EU and other policy sectors

Proposal: *If the main objective of the rural plan is a balanced utilization of the constructed settlement and service network and slowing down the depopulation of certain problem areas (see also p. 3 in the programme), the main strategy should be reformulated to include regional differentiation of the use of funds and means. On the other hand, if the idea is not to differentiate the programme ac-*

ording to the different kinds of rural areas in terms of the development problems, the strategy should be openly written to show this, because a fully horizontal application does not correct the relative position of the areas with the most serious problems.

Proposal: *The strategies and objectives of the rural plan should be complemented to include a description of the connections between the strategies and objectives of the plan and those of the other social policy sectors especially in terms of their regional dimension.*

Proposal: *The priorities can also be constructed starting from the strategic objectives (residence, industries, skills). This would make it easier to see the measures and impacts corresponding to each strategic objective of the programme.*

Proposal: *The rural programme should include a critical discussion on the current role of village activity as well as supporting activities from the programme funds within the village framework. It should be decided whether village activity is primarily supported on the economic grounds or based on objectives related to culture, residential environment and attractiveness, as well as how the possible support based on economic and employment effects would yield a maximum value in terms of the public input by developing the ways and models of action. The municipal level should be considered as the primary unit in the development of the rural communities. The use of local (municipal and regional) local action groups as means of implementing the priorities is well justified.*

The lack of financial data makes it very difficult to evaluate the measures.

Estimated impact of the measures of the rural plan

Proposal: *The establishment of the qualitative objectives for the rural plan is still incomplete and the outlined objectives have not been logically incorporated into the description of the initial situation and development trends in the area covered by the programme. Quantified objectives are still missing. The section requires revision and complementation.*

Quantification of objectives and establishment of relevant indicators

Proposal: *The quantified objectives as well as indicators for monitoring and evaluation are prepared in an appropriate manner (input, output, result and impact indicators, with reference to initial and target values, cf. the indicative methodology of the EU Commission)¹.*

Proposal: *The indicator system of the whole rural plan should be thoroughly revised, starting from a “clean table”, because the random indicators proposed are not suitable for the measurement of the impacts of the whole programme, selected priorities or single measures. Indicators serving the monitoring of the programme as well as those evaluating its impacts should be taken into account in the indicator system. In drafting the system for impact indicators, the strategy selected for the programme and the general objectives as well as the selected priorities and the measures to be implemented within these should be taken into account so that the indicator system is logical and adequate in terms of all aspects of the programme. The regional level at which the indicator data is produced and used should also be established (cf. the comments on the strategy above).*

Revision of the proposed administrative implementation procedures

Competent authorities and bodies

Proposal: *In terms of the implementation of the programme the set of means selected in the rural plan seems appropriate; the inclusion of rural development measures in the Objective 2 programme would distort their implementation if in the other parts of the area the rural plan would be implemented e.g. in the way proposed in this plan, i.e. it would be separated from the decision-making related to the regional development plans. Another alternative is to include the implementation of the rural plan in the general decision-making system of the regional development plans both in areas covered by Objective 2 and the areas outside this. The most important point is that the system is the same for Objective 2 areas and the areas outside this.*

Proposal: *The rural development plan is said to be based on proposals by regions. This is not reflected in the programme in any way. The programme should specify what the regions have proposed and how this has been taken into account in the programme, and the regional perspective should in general receive more emphasis.*

Proposal: *The management system of the rural plan is dominated by the central administration, while the provincial and regional groups have an advisory role only. This means that the Ministry of Agriculture and Forestry and the Employment and TE-Centres may decide the way of implementation and the contents of the programme. The role and participation of regions should be increased in the model of administration.*

Proposal: *The decision on the compilation of the rural development measures into a single*

programme should have been made earlier during the progress of the preparation of the regional development plans, and then the preparation of the rural plans should have been explicitly coordinated into the regional programme work. Thus the rural plan covering the whole country (excl. Objective 1 areas) would have become genuinely regional and the links to Objective 2 programme would have been taken into account early enough. The complicated procedure should be explained in the programme so that this could be taken into account in the preparation of the next programme, and the links between the rural plan and the implementation and organization of Objective 2 programmes should also be specified for the period 2000-2006.

Monitoring, evaluation and control

Proposal: *The position of the monitoring group should be strengthened. The independence of the evaluators of the programme should be emphasized as the implementation is designed to be centrally governed (the Ministry of Agriculture and Forestry and the TE-Centres have the decision-making power; other bodies have an advisory role only). Thus the evaluation cannot be done e.g. by organizations working under the Ministry of Agriculture and Forestry. The set of indicators for the evaluation should be constructed on the basis of e.g. the guidelines proposed by the EU to serve holistic and appropriate evaluation of the programme.*

Links to other programmes

Proposal: *Compensatory allowances and agri-environmental support are significant measures with direct impacts on the operating conditions of farms, and a controlled and carefully designed implementation in the whole country is justified in order to prevent distortions between the regions. This is due*

to the fact that Finland suffers from a natural handicap and other adverse factors that have to be taken into account in the systems concerned at the national level. The complementation of the horizontal plan for the part of the variation between the regions should be more thoroughly analysed, partly as a part of the strategy section, and partly in connection with using the means involved.

Proposal: *The links of the rural plan to the highly significant investments support, which will in the future be nationally funded, should be included in the programme document (strategy, objectives, measures, impacts, complementation, coordination procedure).*

Proposal: *Due to the distinct administration systems a more detailed and carefully structured and justified coordination model should be established for the Objective 2 programmes and the rural plan. The joint focal area concerning the interaction between the urban and rural areas has been dealt with in Objective 2 programmes, but in the rural plan the analysis of this, its significance in terms of the strategies and objectives, role in the different priorities and impact on the selected indicators is missing – these aspects should be included in the plan in order to be able to keep up this joint objective.*

Hearing of cooperation partners

Proposal: *The parties from which statements were requested should be specified in detail, together with an account of how the contents of the statements were taken into account in the rural plan.*

Ways of action in the development work

Proposal: *Activities should receive more emphasis in planning the ways and regulations of action. The possibilities of development organizations located in rural areas to obtain*

funding should be improved, and more attention should be directed at the allocation of the funding within the target areas in order to prevent the funds from being concentrated to the centres (incl. the indicators to be established), because such a procedure would contribute to the development of the urban rather than rural

areas. The strengthening of the organization network of the rural areas should not be based on the local action groups alone in order to direct a larger share of the funding to the target areas than was the case during the first programming period.

5. Annex

Annex 1. Technical observations concerning details of the rural plan

Chapter 2:

- general comment: very static description, development trends considered hardly at all; would be justified to change towards a regional analysis
- page 1: over 4 million inhabitants should be more than 70% of the total population of Finland
- page 5: agriculture according to the production line...which should also be taken into account in the development of agriculture and processing of the products – question: has this been taken into account in the programme?
- page 9: 8th paragraph: distinguish from the mass cereal market of the EU. – wording should be revised (mass cereals?!)
- page 10: 8th paragraph: by developing the wood processing industry and increasing the energy use of timber. – reference is to the lost jobs and replacing these: in this connection the needs for change in the timber sale system should also be taken into account as the “expedient” pricing of delivered timber is one reason for the change, and it would sometimes be appropriate to address the reasons, not only consequences
- page 11: 1st paragraph: increased considerably in the early part of the 1990s – should be specified that only the relative growth was considerable (58)
- page 17, Chapter 2.5. Regional economy. The analysis is inadequate.

- page 21-22: the section on equality deals for the most part with women only, which is not in accordance with principles of the equality policy of the EU. In many rural areas the problems of single men are more serious than the problems affecting women in particular. The whole section on equality should be more objective and, with more equal consideration of men and women.
- page 22-23: rural communities other than villages and village activity alone should be dealt with

Chapter 3:

- page 23, Chapter 3.1: important figures are missing.
- page 24, Chapter 3.3: ...increase in the activity. – this issue would merit a more critical consideration; part of the new activity is “ostensible activity”, and many forms of activity have declined in rural areas (e.g. farmers’ associations, youth clubs), and some of these have been replaced by other activities (village activities); there has always been activity and initiative related to work in the rural areas due to the entrepreneurial basis of the work; the administrative perspective receives considerable emphasis (administrative authorities obviously note the increase in activities after the implementation of additional measures and forms of support) – need for more holistic and accurate observations!

Chapter 4:

- page 25, 4th paragraph:...The competitiveness of rural areas as locations for enterprises grows. – what measurable trends or indicators is this based on? – is this only an assumption or development feature based on fact and verifiable estimates (reported as a reali-

zed change in the operating environment!) – there are opposite conclusions based on research

- page 25, 6th paragraph: The difference between free-time residence and the so-called permanent residence disappears. – contradictory and inaccurate (disappears or becomes more obscure/decreases); the same comments as in the previous point.
- page 25, 7th paragraph: ...Computer technology removes the asymmetry between urban and rural areas in terms of the availability of information. – This statement can be disputed. All of the necessary information is not available in the data network, but in the future, too, a significant share of the information needed in different occupations will be in the printed form or in the possession of people, and thus other means of acquiring information and personal contacts will continue to be needed in most occupations and activities. At its best computer technology may reduce the asymmetry for the part of certain needs.

Chapter 5:

- page 27: SWOT analysis is not very clearly based on the description of the areas presented earlier, and the quantification should be increased considerably
- page 27, last paragraph: ...Learning to cooperate is vital. – Wording open to dispute as it might be understood that earlier there was no cooperation in rural areas. It should be specified that we are concerned with increasing cooperation.
- page 28, 1st paragraph:... Cooperation culture can be strengthened only by giving priority to ways of action promoting cooperation in all development work. – all development work cannot be based on this, erroneous thinking. This should probably mean that cooperation culture can be strengthened by

supporting ways of action that encourage to cooperation in an appropriate way in the development work, too.

- page 28, 2nd paragraph:...closeness to consumption centres...- applies to only a part of the area covered by the rural plan!
- page 29-32: the regional level characteristically examined is usually a village; the formulation should be critically discussed, considering the possible role of other regional levels (cf. general comments in the evaluation report).

Chapter 8:

- page 52: incomplete; equality objectives should be reformulated in a more equal manner (single men threatened by isolation).

Chapter 9:

- page 53, 4th paragraph:...In practice work was done side by side in a cooperative spirit.- should perhaps be reformulated.
- page 55-56: monitoring and evaluation: incomplete.
- page 56, Chapter 9.4.1: incomplete.
- page 57, 6th paragraph:... all share the promotion of the interaction between urban and rural areas as one of the focal areas. – how this is a focal area in this plan is not shown in the document.
- page 61, 2nd paragraph: inadequate, partly incorrect.

Annex:

- do not serve the programme as a whole in the best possible way; related to the way the regional analysis is made in the first part of the plan. Both the regional analysis and the SWOT analysis derived from this should mainly be based on data supporting and spec-

ifying these given in the Annex. The data should be drawn up specifically for the description of the area in question, taking into

account the special characteristics of the whole area as well as differences within the area.

Annex 13

Council Regulation (EC) No 1257/1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and repealing certain Regulations
Council Regulation (EC) 1258/1999 on the financing of the common agricultural policy
Commission Regulation (EC) No 1750/1999) on laying down detailed rules for the application of
Council Regulation (EC) No 1257/1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF)

Act on Rural Industries Financing (329/1999, amended 44/2000)
Act on the Development Fund of Agriculture and Forestry (57/1966, last amend. 330/1999)
Act on implementation of common agricultural policy (1100/1994)
Forest Act (1093/1996)
Act on the Financing of Sustainable Forestry (1094/1996, amend. 718/1999)
Act on providing aid for the drainage and water resources management (56/1980).
Act on basic drainage (947/1997).
Bookkeeping Act (1336/1997)
Statute on the Development Fund of Agriculture and Forestry (1754/1995)
Statute on the Financing of Sustainable Forestry (1311/1996)
Forest Statute (1200/1996)
Statute of the Council of the State on Rural Development (draft)
Statute of the Council of the State concerning aid for training under preparation
Statute of the Council of the State concerning aid for water resources measures under preparation
Statute of the Council of the State concerning aid for forestry farm measures under preparation
Statute of the Ministry of Agriculture and Forestry on Directing Aid for Farm Structure and corresponding aid for enterprises (draft)
Statute of the Ministry of Agriculture and Forestry on Directing Aid for Rural Development Projects (draft)
Statute of the Ministry of Agriculture and Forestry on the Procedure concerning Aid for Rural Development (draft)
Provisions of the Ministry of Agriculture and Forestry on the Procedure concerning Aid for Rural Development (draft)

Community legislation (directives) concerning following subjects will be applied:

- pollution prevention and control (EPPC)(96/61/EC)
- Environmental impact assessment (97/11/EC)
- Birds (79/409/EEC)
- Habitat (92/43/EEC)
- Ground water (80/68/EEC)
- Surface water (75/440/EEC)
- Drinking water (80/778/EEC)
- Water quality (76/76/160/EEC, 76/464/EEC, 78/659/EEC, 79/923/EEC, 86/280/EEC) and
- Nitrate (91/676/EEC)



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 2 June 2000

Draft

COMMISSION DECISION

of [...]

**approving the regional rural development programming document for areas outside
Objective 1 in continental Finland for the 2000-2006 programming period**

(Only the Finnish and Swedish texts are authentic)

Draft

COMMISSION DECISION

of [...]

approving the regional rural development programming document for areas outside Objective 1 in continental Finland for the 2000-2006 programming period

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1257/1999 of 17 May 1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and repealing certain Regulations¹, and in particular Article 44(2) thereof,

Whereas:

- (1) Articles 41 *et seq.* of Regulation (EC) No 1257/1999 lay down the conditions for drafting the rural development plans that form part of the rural development programming referred to in Article 40(3).
- (2) Article 41(1) of Regulation (EC) No 1257/1999 lays down that the Member States submit to the Commission rural development plans, the contents of which are specified in Article 43 of that Regulation and in the Annex to Commission Regulation (EC) No 1750/1999² of 23 July 1999 laying down detailed rules for the application of Council Regulation (EC) No 1257/1999.
- (3) Pursuant to Article 44(2) of Regulation (EC) No 1257/1999, the Commission appraises the proposed plans to determine whether they are consistent with that Regulation. On the basis of those plans, it approves the rural development programming documents.
- (4) On 12 November 1999, the Finnish authorities submitted the regional rural development plan for areas outside Objective 1 in continental Finland to the Commission; the plan includes the elements referred to in Article 43 of Regulation (EC) No 1257/1999 and in the Annex to Regulation (EC) No 1750/1999 and in particular a description of the measures proposed to implement the plan and an indicative overall financial table summarising the national and Community resources provided for each rural development priority and measure submitted under the plan. Following negotiations between the Commission and the Finnish authorities, a final version of the rural development plan was forwarded to the Commission on 2 June 2000.

¹ OJ L 160, 26.6.1999, p.80.

² OJ L 214, 13.8.1999, p.31.

- (5) In accordance with Article 35 of Regulation (EC) No 1257/1999, Community support for the rural development measures contained in the rural development plan is financed by the EAGGF Guarantee Section. The Community contribution is a percentage of the eligible expenditure, in accordance with the part-financing rates, for each measure contained in the approved programming document.
- (6) Article 6 of Commission Regulation (EC) No 2603/1999³ lays down the criteria for determining the date from which expenditure is eligible, namely 1 January 2000 if the rural development plan was presented before that date or the date of presentation of the plan if it was presented after 1 January 2000. The date from which expenditure pertaining to the programming document is eligible should therefore be laid down.
- (7) This Decision does not prejudice the Commission's position on State aid within the meaning of Article 87(1) of the Treaty included in the programming document and not yet approved by the Commission.
- (8) In accordance with Article 37(3) of Regulation (EC) No 1257/1999, the measures contained in the programming document are consistent with measures implemented under the other instruments of the common agricultural policy. That consistency must be ensured throughout the implementation of the programming document. The programming document does not contain exceptions as referred to in the first indent of the second subparagraph of Article 37(3).
- (9) The Finnish authorities shall ensure that any risk of overlapping between Funds is avoided when setting up aid for entrepreneurs.
- (10) Finland shall ensure that nature values of any area are not jeopardized in a manner contradictory to Council Directive 92/43/EEC and Council Directive 79/409/EEC by projects co-financed by this programme.
- (11) In particular, Finland shall ensure that, for the areas on the list submitted to the Commission on 23 December 1998 and supplemented on 22 July 1999, provisions of Council Directive 79/409/EEC and Council Directive 92/43/EEC, in particular Article 6 of the latter, are effectively applied. This is without prejudice to Commission's right to challenge the sufficiency of that list.
- (12) The measures provided for in this Decision are in accordance with the opinion of the Committee on Agricultural Structures and Rural Development.

HAS ADOPTED THIS DECISION:

Article 1

The programming document based on the regional rural development plan for areas outside Objective 1 in continental Finland, forwarded to the Commission in its final version on 2 June 2000, is approved.

³ OJ L 316, 10.12.1999, p.26.

Article 2

1. Public expenditure on the measures proposed to implement the rural development plan shall be EUR 387.77 million for the whole period and the maximum contribution from the EAGGF Guarantee Section shall be EUR 116.33 million.
2. The total amount is given in the indicative overall financial table in Annex I:

Article 3

1. Expenditure shall be eligible from 1 January 2000.
2. The final date for the booking by the EAGGF Guarantee Section of payments made by paying agencies under the programming document shall be 31 December 2006.

Article 4

This Decision is addressed to the Republic of Finland.

Done at Brussels, [...]

For the Commission

[...]

Member of the Commission

Table of overall financing

| | 2000 | | | | | 2001 | | | | | 2002 | | | | | 2003 | | | | |
|---|--------------|------------------|--------------|---------------------------|-------------------|--------------|------------------|--------------|---------------------------|-------------------|---------------|------------------|--------------|---------------------------|-------------------|---------------|------------------|--------------|---------------------------|-------------------|
| | Total costs | Public financing | | | Private financing | Total costs | Public financing | | | Private financing | Total costs | Public financing | | | Private financing | Total costs | Public financing | | | Private financing |
| | | Public costs | EU financing | National public financing | | | Public costs | EU financing | National public financing | | | Public costs | EU financing | National public financing | | | Public costs | EU financing | National public financing | |
| Priority 1 | | | | | | | | | | | | | | | | | | | | |
| a. Investments in agricultural holdings | 0,29 | 0,10 | 0,03 | 0,07 | 0,19 | 2,38 | 0,83 | 0,25 | 0,58 | 1,55 | 5,33 | 1,87 | 0,56 | 1,31 | 3,47 | 4,95 | 1,73 | 0,52 | 1,21 | 3,22 |
| b. Setting up of young farmers | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| c. Training | 0,67 | 0,60 | 0,18 | 0,42 | 0,07 | 2,33 | 2,10 | 0,63 | 1,47 | 0,23 | 3,19 | 2,87 | 0,86 | 2,01 | 0,32 | 3,00 | 2,70 | 0,81 | 1,89 | 0,30 |
| i. Other forestry measures | 0,33 | 0,27 | 0,08 | 0,19 | 0,07 | 1,58 | 1,27 | 0,38 | 0,89 | 0,32 | 2,33 | 1,87 | 0,56 | 1,31 | 0,47 | 2,25 | 1,80 | 0,54 | 1,26 | 0,45 |
| l. Setting-up of farms relief and farm management services | 0,38 | 0,27 | 0,08 | 0,19 | 0,11 | 1,81 | 1,27 | 0,38 | 0,89 | 0,54 | 2,67 | 1,87 | 0,56 | 1,31 | 0,80 | 2,48 | 1,73 | 0,52 | 1,21 | 0,74 |
| <i>Total</i> | <i>1,67</i> | <i>1,23</i> | <i>0,37</i> | <i>0,86</i> | <i>0,43</i> | <i>8,11</i> | <i>5,47</i> | <i>1,64</i> | <i>3,83</i> | <i>2,64</i> | <i>13,52</i> | <i>8,47</i> | <i>2,54</i> | <i>5,93</i> | <i>5,05</i> | <i>12,68</i> | <i>7,97</i> | <i>2,39</i> | <i>5,58</i> | <i>4,71</i> |
| Priority 2 | | | | | | | | | | | | | | | | | | | | |
| a. Investment in agricultural holdings (diversification) | 5,81 | 2,03 | 0,61 | 1,42 | 3,78 | 26,00 | 9,10 | 2,73 | 6,37 | 16,90 | 32,19 | 11,27 | 3,38 | 7,89 | 20,92 | 29,90 | 10,47 | 3,14 | 7,33 | 19,44 |
| i. Other forestry measures | 4,06 | 2,03 | 0,61 | 1,42 | 2,03 | 14,60 | 7,30 | 2,19 | 5,11 | 7,30 | 21,00 | 10,50 | 3,15 | 7,35 | 10,50 | 20,20 | 10,10 | 3,03 | 7,07 | 10,10 |
| p. Diversification of agricultural activities close to agriculture to provide multiple activities incomes | 3,17 | 1,90 | 0,57 | 1,33 | 1,27 | 12,17 | 7,30 | 2,19 | 5,11 | 4,87 | 11,78 | 7,07 | 2,12 | 4,95 | 4,71 | 15,11 | 9,07 | 2,72 | 6,35 | 6,04 |
| s. Encouragement for tourism and craft activities | 1,56 | 0,93 | 0,28 | 0,65 | 0,62 | 7,72 | 4,63 | 1,39 | 3,24 | 3,09 | 11,78 | 7,07 | 2,12 | 4,95 | 4,71 | 8,78 | 5,27 | 1,58 | 3,69 | 3,51 |
| <i>Total</i> | <i>14,59</i> | <i>6,90</i> | <i>2,07</i> | <i>4,83</i> | <i>7,69</i> | <i>60,49</i> | <i>28,33</i> | <i>8,50</i> | <i>19,83</i> | <i>32,16</i> | <i>76,75</i> | <i>35,90</i> | <i>10,77</i> | <i>25,13</i> | <i>40,85</i> | <i>73,99</i> | <i>34,90</i> | <i>10,47</i> | <i>24,43</i> | <i>39,09</i> |
| Priority 3 | | | | | | | | | | | | | | | | | | | | |
| n. Basic services for rural economy and population | 1,37 | 1,23 | 0,37 | 0,86 | 0,14 | 4,26 | 3,83 | 1,15 | 2,68 | 0,43 | 10,56 | 9,50 | 2,85 | 6,65 | 1,06 | 10,00 | 9,00 | 2,70 | 6,30 | 1,00 |
| o. Renovation and development of villages and protection and conservation of the rural heritage | 1,78 | 1,60 | 0,48 | 1,12 | 0,18 | 6,37 | 5,73 | 1,72 | 4,01 | 0,64 | 13,74 | 12,37 | 3,71 | 8,66 | 1,37 | 17,04 | 15,33 | 4,60 | 10,73 | 1,70 |
| <i>Total</i> | <i>3,15</i> | <i>2,83</i> | <i>0,85</i> | <i>1,98</i> | <i>0,31</i> | <i>10,63</i> | <i>9,57</i> | <i>2,87</i> | <i>6,70</i> | <i>1,06</i> | <i>24,30</i> | <i>21,87</i> | <i>6,56</i> | <i>15,31</i> | <i>2,43</i> | <i>27,04</i> | <i>24,33</i> | <i>7,30</i> | <i>17,03</i> | <i>2,70</i> |
| Overall programme total | 19,41 | 10,97 | 3,29 | 7,68 | 8,44 | 79,23 | 43,37 | 13,01 | 30,36 | 35,86 | 114,56 | 66,23 | 19,87 | 46,36 | 48,33 | 113,71 | 67,20 | 20,16 | 47,04 | 46,51 |
| Transitional measures | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| Supplementary table, combined expenditure on measures included in more than one priority | | | | | | | | | | | | | | | | | | | | |
| a. Farm investments, primary processing and diversification | 6,10 | 2,13 | 0,64 | 1,49 | 3,96 | 28,38 | 9,93 | 2,98 | 6,95 | 18,45 | 37,52 | 13,13 | 3,94 | 9,19 | 24,39 | 34,86 | 12,20 | 3,66 | 8,54 | 22,66 |
| i. Other forestry measures | 4,39 | 2,30 | 0,69 | 1,61 | 2,09 | 16,18 | 8,57 | 2,57 | 6,00 | 7,62 | 23,33 | 12,37 | 3,71 | 8,66 | 10,97 | 22,45 | 11,90 | 3,57 | 8,33 | 10,55 |

| | 2004 | | | | | 2005 | | | | | 2006 | | | | | Total | | | | |
|---|---------------|------------------|--------------|---------------------------|-------------------|---------------|------------------|--------------|---------------------------|-------------------|---------------|------------------|--------------|---------------------------|-------------------|---------------|------------------|---------------|---------------------------|-------------------|
| | Total costs | Public financing | | | Private financing | Total costs | Public financing | | | Private financing | Total costs | Public financing | | | Private financing | Total costs | Public financing | | | Private financing |
| | | Public costs | EU financing | National public financing | | | Public costs | EU financing | National public financing | | | Public costs | EU financing | National public financing | | | Public costs | EU financing | National public financing | |
| Priority 1 | | | | | | | | | | | | | | | | | | | | |
| a. Investments in agricultural holdings | 5,05 | 1,77 | 0,53 | 1,24 | 3,28 | 4,86 | 1,70 | 0,51 | 1,19 | 3,16 | 4,57 | 1,60 | 0,48 | 1,12 | 2,97 | 27,43 | 9,60 | 2,88 | 6,72 | 17,83 |
| b. Setting up of young farmers | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| c. Training | 3,11 | 2,80 | 0,84 | 1,96 | 0,31 | 2,96 | 2,64 | 0,80 | 1,87 | 0,30 | 2,81 | 2,53 | 0,76 | 1,77 | 0,28 | 18,07 | 16,27 | 4,88 | 11,39 | 1,81 |
| i. Other forestry measures | 2,33 | 1,87 | 0,56 | 1,31 | 0,47 | 2,21 | 1,77 | 0,53 | 1,24 | 0,44 | 2,13 | 1,70 | 0,51 | 1,19 | 0,43 | 13,17 | 10,53 | 3,16 | 7,37 | 2,63 |
| l. Setting-up of farms relief and farm management services | 2,52 | 1,77 | 0,53 | 1,24 | 0,76 | 2,43 | 1,70 | 0,51 | 1,19 | 0,73 | 2,29 | 1,60 | 0,48 | 1,12 | 0,69 | 14,57 | 10,20 | 3,06 | 7,14 | 4,37 |
| <i>Total</i> | <i>13,02</i> | <i>8,20</i> | <i>2,46</i> | <i>5,74</i> | <i>4,82</i> | <i>12,46</i> | <i>7,83</i> | <i>2,35</i> | <i>5,48</i> | <i>4,62</i> | <i>11,80</i> | <i>7,43</i> | <i>2,23</i> | <i>5,20</i> | <i>4,36</i> | <i>73,24</i> | <i>46,60</i> | <i>13,98</i> | <i>32,62</i> | <i>26,64</i> |
| Priority 2 | | | | | | | | | | | | | | | | | | | | |
| a. Investment in agricultural holdings (diversification) | 31,62 | 11,07 | 3,32 | 7,75 | 20,55 | 31,52 | 11,03 | 3,31 | 7,72 | 20,49 | 29,33 | 10,27 | 3,08 | 7,19 | 19,07 | 186,38 | 65,23 | 19,57 | 45,66 | 121,15 |
| i. Other forestry measures | 20,80 | 10,40 | 3,12 | 7,28 | 10,40 | 19,94 | 9,97 | 2,99 | 6,98 | 9,97 | 19,94 | 9,97 | 2,99 | 6,98 | 9,97 | 120,54 | 60,27 | 18,08 | 42,19 | 60,27 |
| p. Diversification of agricultural activities close to agriculture to provide multiple activities incomes | 15,06 | 9,03 | 2,71 | 6,32 | 6,02 | 14,33 | 8,60 | 2,58 | 6,02 | 5,73 | 14,28 | 8,57 | 2,57 | 6,00 | 5,71 | 85,89 | 51,53 | 15,46 | 36,07 | 34,36 |
| s. Encouragement for tourism and craft activities | 9,00 | 5,40 | 1,62 | 3,78 | 3,60 | 8,72 | 5,23 | 1,57 | 3,66 | 3,49 | 8,17 | 4,90 | 1,47 | 3,43 | 3,27 | 55,72 | 33,43 | 10,03 | 23,40 | 22,29 |
| <i>Total</i> | <i>76,47</i> | <i>35,90</i> | <i>10,77</i> | <i>25,13</i> | <i>40,57</i> | <i>74,52</i> | <i>34,83</i> | <i>10,45</i> | <i>24,38</i> | <i>39,69</i> | <i>71,72</i> | <i>33,70</i> | <i>10,11</i> | <i>23,59</i> | <i>38,02</i> | <i>448,53</i> | <i>210,47</i> | <i>63,14</i> | <i>147,33</i> | <i>238,07</i> |
| Priority 3 | | | | | | | | | | | | | | | | | | | | |
| n. Basic services for rural economy and population | 10,30 | 9,27 | 2,78 | 6,49 | 1,03 | 10,00 | 9,00 | 2,70 | 6,30 | 1,00 | 9,37 | 8,43 | 2,53 | 5,90 | 0,94 | 55,85 | 50,27 | 15,08 | 35,19 | 5,59 |
| o. Renovation and development of villages and protection and conservation of the rural heritage | 17,67 | 15,90 | 4,77 | 11,13 | 1,77 | 17,37 | 15,63 | 4,69 | 10,94 | 1,74 | 15,41 | 13,87 | 4,16 | 9,71 | 1,54 | 89,37 | 80,43 | 24,13 | 56,30 | 8,94 |
| <i>Total</i> | <i>27,96</i> | <i>25,17</i> | <i>7,55</i> | <i>17,62</i> | <i>2,80</i> | <i>27,37</i> | <i>24,63</i> | <i>7,39</i> | <i>17,24</i> | <i>2,74</i> | <i>24,78</i> | <i>22,30</i> | <i>6,69</i> | <i>15,61</i> | <i>2,48</i> | <i>145,22</i> | <i>130,70</i> | <i>39,21</i> | <i>91,49</i> | <i>14,52</i> |
| Overall programme total | 117,45 | 69,27 | 20,78 | 48,49 | 48,19 | 114,35 | 67,30 | 20,19 | 47,11 | 47,05 | 108,29 | 63,43 | 19,03 | 44,40 | 44,86 | 667,00 | 387,77 | 116,33 | 271,44 | 279,23 |
| Transitional measures | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| Supplementary table, combined expenditure on measures included in more than one priority | | | | | | | | | | | | | | | | | | | | |
| a. Farm investments, primary processing and diversification | 36,67 | 12,83 | 3,85 | 8,98 | 23,83 | 36,38 | 12,73 | 3,82 | 8,91 | 23,65 | 33,90 | 11,87 | 3,56 | 8,31 | 22,04 | 213,81 | 74,83 | 22,45 | 52,38 | 138,98 |
| i. Other forestry measures | 23,13 | 12,27 | 3,68 | 8,59 | 10,87 | 22,15 | 11,73 | 3,52 | 8,21 | 10,42 | 29,74 | 11,67 | 3,50 | 8,17 | 10,40 | 133,71 | 70,80 | 21,24 | 49,56 | 62,91 |

Funds from EAGGF guarantee section for rural adaptation and development measures in Objective 2 rural areas: 40,65 million EUR (60 per cent of total funds under article 33).
Setting up of young farmers have been added to the financing table on the understanding that this will become open to co-financing from EU funds during the financing period.
Transitional measures will be financed with national funding.



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels,

Draft

COMMISSION DECISION

of [...]

approving the amendments to the regional rural development programming document for areas outside Objective 1 in continental Finland for the 2000-2006 programming period and amending Commission Decision C (2000) 2148 approving the rural development programming document

(Only the Finnish and Swedish texts are authentic)

Draft

COMMISSION DECISION

of [...]

approving the amendments to the regional rural development programming document for areas outside Objective 1 in continental Finland for the 2000-2006 programming period and amending Commission Decision C (2000) 2148 approving the rural development programming document

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1257/1999 of 17 May 1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and repealing certain Regulations¹, and in particular Article 44(2) thereof,

Having regard to Commission Regulation (EC) No 1750/1999 of 23 July 1999 laying down detailed rules for the application of Council Regulation (EC) No 1257/1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF)², as last amended by Regulation (EC) No 1763/2001³, and in particular Article 35(2) thereof,

Whereas:

- (1) On 20 July 2000, the Commission adopted Decision C (2000) 2148 approving the regional rural development programming document for continental Finland for the 2000-06 programming period.
- (2) On 28 September 2001, the Finnish authorities submitted an application to the Commission to amend the regional rural development programming document for continental Finland in accordance with Article 35(2) of Regulation (EC) No 1750/1999,
- (3) This application for amendment involves an amendment of the financial plan as regards the balance of measures and increasing the rate of public assistance for certain measures. In accordance with Article 35(2) of Regulation (EC) No 1750/1999, the proposed amendments must be approved by the Commission.
- (4) The Commission is required to appraise the proposed amendments to the programming documents to determine whether they are consistent with Regulations (EC) Nos 1257/1999 and 1750/1999.

¹ OJ L 160, 26.6.1999, p. 80.

² OJ L 214, 13.8.1999, p. 31.

³ OJ L 239, 7.9.2001, p. 10.

- (5) In accordance with Article 35(1) of Regulation (EC) No 1750/1999, the amendments proposed by the Finnish authorities are duly justified. The proposed amendments meet the requirements of Regulations (EC) Nos 1257/1999 and 1750/1999.
- (6) In accordance with the first subparagraph of Article 47(2) of Regulation (EC) No 1257/1999, the principles regarding the eligibility of expenditure laid down in Article 30(2) of Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds⁴, as amended by Regulation (EC) No 1447/2001⁵, apply to the Community financial contribution in respect of measures covered by rural development programming. Under these provisions, the date from which expenditure is eligible is the date on which the Commission receives applications for assistance. The date from which expenditure relating to the proposed amendments is eligible should therefore be laid down.
- (7) This Decision does not prejudice the Commission's position on state aid schemes within the meaning of Article 87(1) of the Treaty notified as part of the amendments to the programming document and not yet approved by the Commission.
- (8) [The measures provided for in this Decision are in accordance with the opinion of the Committee on Agricultural Structures and Rural Development,]

HAS ADOPTED THIS DECISION:

Article 1

The amendments to the regional rural development programming document for areas outside Objective 1 in continental Finland sent to the Commission on 28 September 2001 are hereby approved.

Article 2

Expenditure resulting from the amendments approved by this Decision shall be eligible from 28 September 2001.

Article 3

Commission Decision C (2000) 2148 is amended as follows:

Annex I is replaced by the text of the Annex hereto.

Article 4

This Decision is addressed to the Republic of Finland.

Done at Brussels, [...]

For the Commission

[...]

Member of the Commission

⁴ OJ L 161, 26.6.1999, p. 1.

⁵ OJ L 198, 21.7.2001, p. 1.

ANNEX

"Annex I

Financial table"

Table of overall financing

| | 2000 | | | | | 2001 | | | | | 2002 | | | | | 2003 | | | | |
|---|-------------|------------------|--------------|---------------------------|-------------------|--------------|------------------|--------------|---------------------------|-------------------|---------------|------------------|--------------|---------------------------|-------------------|---------------|------------------|--------------|---------------------------|-------------------|
| | Total costs | Public financing | | | Private financing | Total costs | Public financing | | | Private financing | Total costs | Public financing | | | Private financing | Total costs | Public financing | | | Private financing |
| | | Public costs | EU financing | National public financing | | | Public costs | EU financing | National public financing | | | Public costs | EU financing | National public financing | | | Public costs | EU financing | National public financing | |
| Priority 1 | | | | | | | | | | | | | | | | | | | | |
| a. Investments in agricultural holdings | 0,05 | 0,05 | 0,05 | 0,00 | 0,00 | 3,98 | 1,39 | 0,42 | 0,97 | 2,59 | 6,07 | 2,12 | 0,64 | 1,48 | 3,95 | 6,16 | 2,16 | 0,65 | 1,51 | 4,00 |
| b. Setting up of young farmers | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| c. Training | 0,09 | 0,09 | 0,09 | 0,00 | 0,00 | 3,13 | 2,82 | 0,85 | 1,97 | 0,31 | 4,78 | 4,30 | 1,29 | 3,01 | 0,48 | 4,86 | 4,37 | 1,31 | 3,06 | 0,49 |
| i. Other forestry measures | 0,06 | 0,06 | 0,06 | 0,00 | 0,00 | 1,63 | 1,30 | 0,39 | 0,91 | 0,33 | 2,49 | 1,99 | 0,60 | 1,39 | 0,50 | 2,51 | 2,01 | 0,60 | 1,41 | 0,50 |
| l. Setting-up of farms relief and farm management services | 0,05 | 0,05 | 0,05 | 0,00 | 0,00 | 1,24 | 0,87 | 0,26 | 0,61 | 0,37 | 1,90 | 1,33 | 0,40 | 0,93 | 0,57 | 1,91 | 1,34 | 0,40 | 0,94 | 0,57 |
| <i>Total</i> | <i>0,25</i> | <i>0,25</i> | <i>0,25</i> | <i>0,00</i> | <i>0,00</i> | <i>9,98</i> | <i>6,38</i> | <i>1,92</i> | <i>4,46</i> | <i>3,60</i> | <i>15,24</i> | <i>9,74</i> | <i>2,93</i> | <i>6,81</i> | <i>5,50</i> | <i>15,44</i> | <i>9,88</i> | <i>2,96</i> | <i>6,92</i> | <i>5,56</i> |
| Priority 2 | | | | | | | | | | | | | | | | | | | | |
| a. Investment in agricultural holdings (diversification) | 0,35 | 0,35 | 0,35 | 0,00 | 0,00 | 19,08 | 6,68 | 2,00 | 4,68 | 12,40 | 29,13 | 10,20 | 3,06 | 7,14 | 18,93 | 29,57 | 10,34 | 3,10 | 7,24 | 19,23 |
| i. Other forestry measures | 0,32 | 0,32 | 0,32 | 0,00 | 0,00 | 10,75 | 5,37 | 1,61 | 3,76 | 5,38 | 16,42 | 8,21 | 2,46 | 5,75 | 8,21 | 16,66 | 8,33 | 2,50 | 5,83 | 8,33 |
| p. Diversification of agricultural activities close to agriculture to provide multiple activities incomes | 0,28 | 0,28 | 0,28 | 0,00 | 0,00 | 14,10 | 8,46 | 2,54 | 5,92 | 5,64 | 21,51 | 12,91 | 3,87 | 9,04 | 8,60 | 21,83 | 13,10 | 3,93 | 9,17 | 8,73 |
| s. Encouragement - for tourism and craft activities | 0,18 | 0,18 | 0,18 | 0,00 | 0,00 | 7,45 | 4,47 | 1,34 | 3,13 | 2,98 | 11,36 | 6,82 | 2,04 | 4,78 | 4,54 | 11,54 | 6,93 | 2,08 | 4,85 | 4,61 |
| <i>Total</i> | <i>1,13</i> | <i>1,13</i> | <i>1,13</i> | <i>0,00</i> | <i>0,00</i> | <i>51,38</i> | <i>24,98</i> | <i>7,49</i> | <i>17,49</i> | <i>26,40</i> | <i>78,42</i> | <i>38,14</i> | <i>11,43</i> | <i>26,71</i> | <i>40,28</i> | <i>79,60</i> | <i>38,70</i> | <i>11,61</i> | <i>27,09</i> | <i>40,90</i> |
| Priority 3 | | | | | | | | | | | | | | | | | | | | |
| n. Basic services for rural economy and population | 0,27 | 0,27 | 0,27 | 0,00 | 0,00 | 4,53 | 4,07 | 1,22 | 2,85 | 0,46 | 6,92 | 6,23 | 1,87 | 4,36 | 0,69 | 7,02 | 6,32 | 1,90 | 4,42 | 0,70 |
| o. Renovation and development of villages and protection and conservation of the rural heritage | 0,43 | 0,43 | 0,43 | 0,00 | 0,00 | 8,83 | 7,94 | 2,38 | 5,56 | 0,89 | 13,46 | 12,12 | 3,64 | 8,48 | 1,34 | 13,66 | 12,30 | 3,69 | 8,61 | 1,36 |
| <i>Total</i> | <i>0,70</i> | <i>0,70</i> | <i>0,70</i> | <i>0,00</i> | <i>0,00</i> | <i>13,36</i> | <i>12,01</i> | <i>3,60</i> | <i>8,41</i> | <i>1,35</i> | <i>20,38</i> | <i>18,35</i> | <i>5,51</i> | <i>12,84</i> | <i>2,03</i> | <i>20,68</i> | <i>18,62</i> | <i>5,59</i> | <i>13,03</i> | <i>2,06</i> |
| Overall programme total | 2,08 | 2,08 | 2,08 | 0,00 | 0,00 | 74,72 | 43,37 | 13,01 | 30,36 | 31,35 | 114,04 | 66,23 | 19,87 | 46,36 | 47,81 | 115,72 | 67,20 | 20,16 | 47,04 | 48,52 |
| Transitional measures | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| Supplementary table, combined expenditure on measures included in more than one priority | | | | | | | | | | | | | | | | | | | | |
| a. Farm investments, primary processing and diversification | 0,40 | 0,40 | 0,40 | 0,00 | 0,00 | 23,06 | 8,07 | 2,42 | 5,65 | 14,99 | 35,20 | 12,32 | 3,70 | 8,62 | 22,88 | 35,73 | 12,50 | 3,75 | 8,75 | 23,23 |
| i. Other forestry measures | 0,38 | 0,38 | 0,38 | 0,00 | 0,00 | 12,38 | 6,67 | 2,00 | 4,67 | 5,71 | 18,91 | 10,20 | 3,06 | 7,14 | 8,71 | 19,17 | 10,34 | 3,10 | 7,24 | 8,83 |

Funds from EAGGF guarantee section for rural adaptation and development measures in Objective 2 rural areas: 41,53 million EUR (60 per cent of total funds under article 33).

Setting up of young farmers have been added to the financing table on the understanding that this will become open to co-financing from EU funds during the financing period.

Transitional measures will be financed with national funding.

Table of overall financing

| | 2004 | | | | | 2005 | | | | | 2006 | | | | | Total | | | | |
|---|---------------|------------------|--------------|-----------------|-------------------|---------------|------------------|--------------|-----------------|-------------------|---------------|------------------|--------------|-----------------|-------------------|---------------|------------------|---------------|-----------------|-------------------|
| | Total costs | Public financing | | | Private financing | Total costs | Public financing | | | Private financing | Total costs | Public financing | | | Private financing | Total costs | Public financing | | | Private financing |
| | | Public costs | EU financing | National public | | | Public costs | EU financing | National public | | | Public costs | EU financing | National public | | | Public costs | EU financing | National public | |
| Priority 1 | | | | | | | | | | | | | | | | | | | | |
| a. Investments in agricultural holdings | 6,33 | 2,22 | 0,66 | 1,56 | 4,11 | 6,16 | 2,16 | 0,65 | 1,51 | 4,00 | 6,75 | 2,33 | 0,66 | 1,67 | 4,42 | 35,50 | 12,43 | 3,73 | 8,70 | 23,07 |
| b. Setting up of young farmers | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| c. Training | 5,00 | 4,50 | 1,35 | 3,15 | 0,50 | 4,87 | 4,37 | 1,31 | 3,06 | 0,50 | 5,29 | 4,75 | 1,36 | 3,39 | 0,54 | 28,02 | 25,20 | 7,56 | 17,64 | 2,82 |
| i. Other forestry measures | 2,59 | 2,07 | 0,62 | 1,45 | 0,52 | 2,52 | 2,02 | 0,61 | 1,41 | 0,50 | 2,73 | 2,17 | 0,61 | 1,56 | 0,56 | 14,53 | 11,62 | 3,49 | 8,13 | 2,91 |
| l. Setting-up of farms relief and farm management services | 1,99 | 1,39 | 0,42 | 0,97 | 0,60 | 1,92 | 1,34 | 0,40 | 0,94 | 0,58 | 2,08 | 1,44 | 0,40 | 1,04 | 0,64 | 11,09 | 7,76 | 2,33 | 5,43 | 3,33 |
| <i>Total</i> | <i>15,91</i> | <i>10,18</i> | <i>3,05</i> | <i>7,13</i> | <i>5,73</i> | <i>15,47</i> | <i>9,89</i> | <i>2,97</i> | <i>6,92</i> | <i>5,58</i> | <i>16,85</i> | <i>10,69</i> | <i>3,03</i> | <i>7,66</i> | <i>6,16</i> | <i>89,14</i> | <i>57,01</i> | <i>17,11</i> | <i>39,90</i> | <i>32,13</i> |
| Priority 2 | | | | | | | | | | | | | | | | | | | | |
| a. Investment in agricultural holdings (diversification) | 30,47 | 10,67 | 3,20 | 7,47 | 19,80 | 29,61 | 10,36 | 3,11 | 7,25 | 19,25 | 32,41 | 11,11 | 3,09 | 8,02 | 21,30 | 170,62 | 59,71 | 17,91 | 41,80 | 110,91 |
| i. Other forestry measures | 17,18 | 8,59 | 2,58 | 6,01 | 8,59 | 16,69 | 8,34 | 2,50 | 5,84 | 8,35 | 18,12 | 8,90 | 2,45 | 6,45 | 9,22 | 96,14 | 48,06 | 14,42 | 33,64 | 48,08 |
| p. Diversification of agricultural activities close to agriculture to provide multiple activities incomes | 22,51 | 13,51 | 4,05 | 9,46 | 9,00 | 21,87 | 13,13 | 3,94 | 9,19 | 8,74 | 23,90 | 14,23 | 4,07 | 10,16 | 9,67 | 126,00 | 75,62 | 22,68 | 52,94 | 50,38 |
| s. Encouragement - for tourism and craft activities | 11,89 | 7,13 | 2,14 | 4,99 | 4,76 | 11,56 | 6,93 | 2,08 | 4,85 | 4,63 | 12,58 | 7,48 | 2,12 | 5,36 | 5,10 | 66,56 | 39,94 | 11,98 | 27,96 | 26,62 |
| <i>Total</i> | <i>82,05</i> | <i>39,90</i> | <i>11,97</i> | <i>27,93</i> | <i>42,15</i> | <i>79,73</i> | <i>38,76</i> | <i>11,63</i> | <i>27,13</i> | <i>40,97</i> | <i>87,01</i> | <i>41,72</i> | <i>11,73</i> | <i>29,99</i> | <i>45,29</i> | <i>459,32</i> | <i>223,33</i> | <i>66,99</i> | <i>156,34</i> | <i>235,99</i> |
| Priority 3 | | | | | | | | | | | | | | | | | | | | |
| n. Basic services for rural economy and population | 7,23 | 6,51 | 1,95 | 4,56 | 0,72 | 7,03 | 6,33 | 1,90 | 4,43 | 0,70 | 7,51 | 6,73 | 1,83 | 4,90 | 0,78 | 40,51 | 36,46 | 10,94 | 25,52 | 4,05 |
| o. Renovation and development of villages and protection and conservation of the rural heritage | 14,09 | 12,68 | 3,81 | 8,87 | 1,41 | 13,69 | 12,32 | 3,69 | 8,63 | 1,37 | 14,69 | 13,18 | 3,65 | 9,53 | 1,51 | 78,85 | 70,97 | 21,29 | 49,68 | 7,88 |
| <i>Total</i> | <i>21,32</i> | <i>19,19</i> | <i>5,76</i> | <i>13,43</i> | <i>2,13</i> | <i>20,72</i> | <i>18,65</i> | <i>5,59</i> | <i>13,06</i> | <i>2,07</i> | <i>22,20</i> | <i>19,91</i> | <i>5,48</i> | <i>14,43</i> | <i>2,29</i> | <i>119,36</i> | <i>107,43</i> | <i>32,23</i> | <i>75,20</i> | <i>11,93</i> |
| Overall programme total | 119,28 | 69,27 | 20,78 | 48,49 | 50,01 | 115,92 | 67,30 | 20,19 | 47,11 | 48,62 | 120,06 | 72,32 | 20,24 | 52,08 | 53,74 | 667,82 | 387,77 | 116,33 | 271,44 | 280,05 |
| Transitional measures | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| Supplementary table, combined expenditure on measures included in more than one priority | | | | | | | | | | | | | | | | | | | | |
| a. Farm investments, primary processing and diversification | 36,80 | 12,89 | 3,86 | 9,03 | 23,91 | 35,77 | 12,52 | 3,76 | 8,76 | 23,25 | 39,16 | 13,44 | 3,75 | 9,69 | 25,72 | 206,12 | 72,14 | 21,64 | 50,50 | 133,98 |
| i. Other forestry measures | 19,77 | 10,66 | 3,20 | 7,46 | 9,11 | 19,21 | 10,36 | 3,11 | 7,25 | 8,85 | 20,85 | 11,07 | 3,06 | 8,01 | 9,78 | 110,67 | 59,68 | 17,91 | 41,77 | 50,99 |

PART II

SPECIFICATION OF THE CURRENT SITUATION ACCORDING TO THE REVISED CLASSIFICATION OF MUNICIPALITIES

The classification indicating the urban vs. rural nature of municipalities was revised in spring 2000, but at that time the programme document was not updated accordingly. However, the new classification has been applied in the programme implementation. This supplement presents the tables concerning the analysis of the initial situation in the original programme document and

according to the new classification. Annex 1 to Part II presents the new classification of municipalities in each Employment and Economic Development Centre, which is based on the Decree of the Ministry of Agriculture and Forestry on the allocation of structural support for agriculture and forestry and similar entrepreneurial activities in 2002 (MMMa 31/2002).

Population

According to the classification used in the original drafting process (1998), the municipalities and population of the area covered by the Regional Rural Development programme were divided as follows:

| | Municipalities | Population | % of population in the area | Population density persons/km ² | % of the area of the region |
|--|----------------|------------|-----------------------------|--|-----------------------------|
| Remote rural areas (incl. archipelago) | 32 | 93 602 | 2,3 | 6,3 | 13 |
| Core rural areas | 174 | 962 409 | 23,8 | 14,4 | 64 |
| Rural areas adjacent to towns | 69 | 959 439 | 23,4 | 50,9 | 18 |
| Urban areas | 27 | 2 072 658 | 50,4 | 425,1 | 5 |
| Total | 302 | 4 088 108 | 100,0 | 38,7 | 100 |

Distribution according to the new classification of municipalities

| | Municipalities | Population | % of population in the area | Population density persons/km ² | % of the area of the region |
|--|----------------|------------|-----------------------------|--|-----------------------------|
| Sparsely populated rural areas (incl. archipelago) | 42 | 138 179 | 3,4 | 7,5 | 18 |
| Rural heartland areas | 146 | 743 033 | 18,2 | 13,5 | 51 |
| Urban-adjacent rural areas | 67 | 671 424 | 16,4 | 31,2 | 21 |
| Urban areas | 47 | 2 535 474 | 62,0 | 252,2 | 10 |
| Total | 302 | 4 088 108 | 100,0 | 38,7 | 100 |

The number of municipalities classified as sparsely populated rural areas (earlier remote rural areas) has increased by ten municipalities.

Population density in these municipalities is 1.2 persons/ km² higher, but the areas are still very thinly populated.

Distribution of the area between Programme 2 area and area excluded from this, earlier classification:

| | Objective 2 area | | Other area | | Total area of rural development plan | |
|---|------------------|------------|----------------|------------|--------------------------------------|------------|
| | Municipalities | Population | Municipalities | Population | Municipalities | Population |
| Remote rural areas (incl. archipelago) | 29 | 85 736 | 3 | 7 866 | 32 | 93 602 |
| Core rural areas | 96 | 540 005 | 78 | 422 404 | 174 | 962 409 |
| Rural areas adjacent to towns | 23 | 411 550 | 46 | 547 889 | 69 | 959 439 |
| Urban areas | 8 | 458 911 | 19 | 1 613 747 | 27 | 2 072 658 |
| Total | 156 | 1 496 202 | 149 | 2 591 906 | 302 | 4 088 108 |

Distribution according to the new classification of municipalities:

| | Objective 2 area | | Other area | | Total area of rural development plan | |
|---|------------------|------------|----------------|------------|--------------------------------------|------------|
| | Municipalities | Population | Municipalities | Population | Municipalities | Population |
| Sparsely populated rural areas (incl. archipelago) | 38 | 120 941 | 4 | 17 278 | 42 | 138 219 |
| Rural heartland areas | 72 | 381 789 | 74 | 361 244 | 146 | 743 033 |
| Urban-adjacent rural areas | 27 | 255 934 | 40 | 415 490 | 67 | 671 424 |
| Urban areas | 19 | 737 538 | 28 | 1 797 934 | 47 | 2 535 472 |
| Total | 156 | 1 496 202 | 149 | 2 591 906 | 302 | 4 088 108 |

Employment and enterprises

In 1997 the jobs in the area were distributed as follows (earlier classification):

| | Primary production | % | Processing | % | Services | % | Un-known | % | Jobs total |
|---|--------------------|----|------------|----|-----------|----|----------|---|------------|
| Remote rural areas (incl. archipelago) | 5 088 | 17 | 8 944 | 29 | 15 439 | 51 | 1 046 | 3 | 30 571 |
| Core rural areas | 51 422 | 16 | 99 214 | 31 | 158 400 | 49 | 11 087 | 3 | 320 123 |
| Rural areas adjacent to towns | 14 054 | 4 | 120 179 | 37 | 184 527 | 56 | 9 335 | 3 | 328 095 |
| Urban areas | 5 392 | 1 | 228 363 | 23 | 724 919 | 74 | 20 457 | 2 | 979 131 |
| Total | 75 956 | 5 | 456 700 | 26 | 1 083 339 | 65 | 41 925 | 3 | 1 657 920 |

Distribution of jobs, new classification of municipalities:

| | Primary production | % | Processing | % | Services | % | Un-known | % | Jobs total |
|--------------------------------|--------------------|----|------------|----|-----------|----|----------|---|------------|
| Sparsely populated rural areas | 8 276 | 19 | 11 222 | 26 | 22 187 | 51 | 1 599 | 4 | 43 284 |
| Rural heartland areas | 43 673 | 17 | 76 514 | 31 | 120 817 | 48 | 8 825 | 4 | 249 829 |
| Urban-adjacent rural areas | 14 693 | 7 | 71 057 | 36 | 106 568 | 54 | 6 467 | 3 | 198 785 |
| Urban areas | 9 314 | 1 | 297 907 | 26 | 833 767 | 72 | 25 034 | 2 | 1 166 022 |
| Total | 75 956 | 5 | 456 700 | 26 | 1 083 339 | 65 | 41 925 | 3 | 1 657 920 |

The new classification of municipalities appears to meet the needs of the Regional Rural Development Programme at least as well as the earlier one. Both the sparsely populated rural area and

rural heartland area are even more clearly dominated by primary production than earlier. The shares of jobs in the processing and services are about the same in both classifications.

Change in the population in a five-year period, earlier classification of municipalities:

Asukasluvun muutos viiden vuoden aikana, entinen kuntajako:

| | Population 1994 | Population 1998 | Change 1994-98 (%) |
|--|-----------------|-----------------|--------------------|
| Remote rural areas (incl. archipelago) | 98 232 | 93 602 | - 4,7 |
| Core rural areas | 987 974 | 962 409 | - 2,6 |
| Rural areas adjacent to towns | 938 809 | 959 439 | 2,2 |
| Urban areas | 1 952 111 | 2 072 658 | 6,2 |
| Total | 3 977 126 | 4 088 108 | 2,8 |

New classification of municipalities:

| | Population 1994 | Population 1998 | Change 1994-98 (%) |
|--|-----------------|-----------------|--------------------|
| Sparsely populated rural areas (incl. archipelago) | 144 916 | 138 179 | - 4,6 |
| Rural heartland areas | 765 125 | 743 033 | - 2,9 |
| Urban-adjacent rural areas | 657 825 | 671 424 | 2,1 |
| Urban areas | 2 409 260 | 2 535 474 | 5,2 |
| Total | 3 977 126 | 4 088 108 | 2,8 |

In the sparsely populated areas according to the new classification the population loss has been somewhat smaller than in the remote rural areas based on the earlier classification, while the population has decreased more in the new rural heartland area. Based on the earlier classifica-

tion the population fell by 2.8% in the remote and core rural areas during the period concerned, but according to the new classification the decrease was 3.2%. In this respect the new classification is better suited to the needs of the Regional Rural Development programme.

Annex 1

Municipalities covered by the Regional Rural Development Programme. Updated 17 January 2002

Municipalities covered by Objective 2 are given in bold, municipalities located in national support zones 2 and 3 are underlined

| Employment and Economic Development Centre | Sparsely populated rural areas | Rural heartland areas | Urban-adjacent rural areas | Urban areas |
|--|---|---|--|--|
| Uusimaa | | Karjaa Karkkila <i>Lapinjärvi</i> <i>Liljendal</i> <i>Myrskylä</i> <i>Nummi-Pusula</i> <i>Pernaja*</i> Pohja <i>Pukkila</i> <i>Ruotsinpyhtää*</i> | Askola Inkoo* <i>Karjalohja</i> Kirkkonummi Mäntsälä Nurmijärvi Pornainen <i>Sammatti</i> Siuntio Sipoo* Tuusula Vihti | Espoo Hanko Helsinki Hyvinkää Järvenpää Kauniainen Kerava Lohja <i>Loviisa</i> Porvoo* Vantaa Tammisaari* |
| | | *) archipelago included in support area 2 | *) archipelago included in support area 2 | *) archipelago included in support area 2 |
| Varsinais-Suomi | <u>Dragsfjärd</u> <u>Houtskari</u> <u>Iniö</u> <u>Korppoo</u> <u>Kustavi</u> <u>Nauvo</u> <u>Rymättylä</u> <u>Velkua</u> | <i>Alastaro</i> <i>Askainen*</i> <i>Karinainen</i> <u>Kemiö*</u> <i>Kiikala</i> <i>Koski</i> <i>Kuusjoki</i> <u>Laitila</u> <i>Loimaan kunta</i> <i>Marttila</i> <i>Mellilä</i> <u>Mietoinen</u> <i>Oripää</i> <u>Parainen*</u> <i>Pöytyä</i> <i>Sauvo</i> <i>Somero</i> <i>Suomusjärvi</i> <i>Särkisalo*</i> <u>Talvassalo</u> <i>Tarvasjoki</i> <u>Uusikaupunki</u> Vahto <u>Vehmaa</u> <u>Västanfjärd*</u> <i>Yläne</i> | <i>Aura</i> Halikko* <i>Kisko</i> <i>Lemu</i> Lieto Masku <i>Merimasku</i> Muurla <u>Mynämäki</u> Nousiainen Paimio <i>Perniö</i> Pertteli Piikkiö <u>Pyhäranta</u> Rusko | Kaarina <i>Loimaa</i> Naantali Raisio Salo Turku |
| | | *) archipelago included in support area 2 | *) archipelago included in support area 2 | |

| Employment and Economic Development Centre | Sparsely populated rural areas | Rural heartland areas | Urban-adjacent rural areas | Urban areas |
|--|--|---|---|---|
| Satakunta | <u>Karvia</u> <u>Lavia</u> <u>Merikarvia</u> <u>Noormarkku</u> <u>Pomarkku</u> <u>Silkainen</u> | <u>Eura</u> <u>Harjavalta</u> <u>Honkajoki</u> <i>Huittinen</i> <u>Jämijärvi</u> <u>Kankaanpää</u> <u>Kiikoinen</u> <u>Klukainen</u> <u>Kodisjoki</u> <i>Kokemäki</i> <i>Köyliö</i> <i>Punkalaidun</i> <i>Säkylä</i> <i>Vampula</i> | <u>Eurajoki</u> <u>Kullaa</u> <u>Lappi</u> <u>Luvia</u> <u>Nakkila</u> <u>Ulvila</u> | <u>Pori</u> <u>Rauma</u> |
| Häme | <u>Hartola</u> <u>Sysmä</u> | <u>Artjärvi</u> <u>Asikkala</u> <u>Hauho</u> <u>Humppila</u> <u>Hämeenkoski</u> <u>Kalvola</u> <u>Kärkölä</u> <u>Lammi</u> <u>Orimattila</u> <u>Padasjoki</u> <u>Renko</u> <u>Tuulos</u> <u>Ypäjä</u> | <u>Forssa</u> <u>Hattula</u> <u>Hausjärvi</u> <u>Heinola</u> <u>Hollola</u> <u>Janakkala</u> <u>Jokioinen</u> <u>Loppi</u> <u>Nastola</u> <u>Tammela</u> | <u>Hämeenlinna</u> <u>Lahti</u> <u>Riihimäki</u> |
| Pirkanmaa | <u>Kuru</u> <u>Längelmäki</u> <i>Parkano</i> <u>Virrat</u> | <i>Hämeenkyrö</i> <i>Ikaalinen</i> <u>Juupajoki</u> <i>Kihniö</i> <i>Kuhmalahdi</i> <u>Kylmäkoski</u> <i>Luopioinen</i> <i>Mouhijärvi</i> <u>Orivesi</u> <i>Pälkäne</i> <u>Ruovesi</u> <i>Sahalahti</i> <i>Suodenniemi</i> <u>Urpala</u> <i>Vammala</i> <i>Viljakkala</i> <u>Vilppula</u> <i>Äetsä</i> | Kangasala Lempäälä Nokia <i>Vesilahti</i> Ylöjärvi | <u>Mänttä</u> Pirkkala Tampere <u>Toijala</u> <u>Valkeakoski</u> <u>Viiala</u> |

| Employment and Economic Development Centre | Sparsely populated rural areas | Rural heartland areas | Urban-adjacent rural areas | Urban areas |
|--|---|---|--|---|
| Southeastern Finland | <i>Jaala</i> <u>Luumäki</u> <u>Saari</u> <u>Savitaipale</u> <u>Suomenniemi</u> <u>Uukuniemi</u> | Anjalankoski <i>Elimäki</i> <i>Iitti</i> <u>Miehikkälä</u> <u>Parikkala</u> <u>Rautjärvi</u> <u>Virolahti</u> <u>Ylämaa</u> | <u>Joutseno</u> <u>Lemi</u> <u>Pyhtää*</u> <u>Ruokolahti</u> <i>Valkeala</i> <u>Vehkalahti</u> <u>Talpalsaari</u> *) archipelago included in support area 2 | <u>Imatra</u> <u>Hamina</u> <u>Kotka*</u> <i>Kouvola</i> <i>Kuusankoski</i> <u>Lappeenranta</u> *) archipelago included in support area 2 |
| Central Finland | <u>Joutsa</u> <i>Jämsänkoski</i> <u>Keuruu</u> <u>Konnevesi</u> <u>Korpilahti*</u> <u>Kuhmolinen</u> <u>Leivonmäki</u> <u>Luhanka</u> <u>Multia</u> <u>Sumiainen</u> *) archipelago included in support area 2 | <u>Hankasalmi</u> <i>Kuorevesi</i> <u>Laukaa</u> <u>Petäjävesi</u> <u>Toivakka</u> <u>Uurainen</u> | <u>Jyväskylän maalaiskunta</u> <u>Muurame</u> | <u>Jyväskylä</u> <i>Jämsä</i> <u>Suolahti</u> <u>Äänekoski</u> |
| Southern Ostrobothnia | <u>Lehtimäki</u> <u>Soini</u> <u>Ähtäri</u> | <i>Alahärmä</i> <u>Alajärvi</u> <u>Alavus</u> <u>Evijärvi</u> <i>Ilmajoki</i> <u>Isojoki</u> <u>Jalasjärvi</u> <u>Jurva</u> <u>Karljoki</u> <u>Kauhajoki</u> <i>Kauhava</i> <u>Kortesjärvi</u> <u>Kuortane</u> <u>Kurikka</u> <u>Lappajärvi</u> <i>Lapua</i> <u>Peräseinäjoki</u> <u>Teuva</u> <u>Töysä</u> <u>Vimpeli</u> <i>Ylihärmä</i> <i>Ylistaro</i> | <i>Nurmo</i> | <i>Seinäjoki</i> |

| Employment and Economic Development Centre | Sparsely populated rural areas | Rural heartland areas | Urban-adjacent rural areas | Urban areas |
|--|---|---|--|---|
| Ostrobothnia | <i>Maalahti*</i> | <p><u>Himanka</u> <i>Isokyrö</i> <u>Kannus</u> <i>Korsnäs</i> <i>Kristiinankaupunki</i> <i>Kruunupyy</i> <i>Laihia</i> <u>Lohtaja</u> <u>Maksamaa</u> <i>Närpiö</i> <i>Oravainen</i> <i>Pedersöre</i> <i>Uusikaarlepyy</i> <i>Vähäkyrö</i> <i>Vöyri</i></p> | <p><u>Kälviä</u> <i>Luoto*</i> <i>Mustasaari</i></p> <p>*) archipelago included in support area 2</p> | <p><i>Kaskinen</i> <u>Kokkola</u> <i>Pietarsaari</i> <i>Vaasa</i></p> |
| Northern Ostrobothnia | <p><u>Halluoto</u> <i>Siikajoki</i></p> | <p><u>Alavieska</u> <u>Kalajoki</u> <i>Lumijoki</i> <u>Merijärvi</u> <i>Muhos</i> <u>Oulainen</u> <i>Pyhäjoki</i> <i>Rantsila</i> <i>Ruukki</i> <u>Sievi</u> <i>Temmes</i> <i>Tyrnävä</i> <i>Vihanti</i> <u>Ylivieska</u></p> | <p>Haukipudas Kempele Kiiminki <i>Liminka</i> <i>Pattijoki</i></p> | <p>Oulu Oulunsalo <i>Raahe</i></p> |