

Finnish model for rural policy

HILKKA VIHINEN
MTT, Agrifood Research Finland

THE POLICY SETTING. Finland is located at the northern periphery of the EU and is far from global market centres. It is a country characterised by 'big' countryside and 'small' agriculture and has a long tradition of scattered settlement. According to the OECD definition of rural areas, Finland ranks third in terms of the share of territory covered by predominantly rural regions (93%) and ranks second both in terms of rural population (52%) and of their GDP (62%) (OECD 2008, 14).

In central Europe the countryside occupies areas that lie between dynamic urban centres and is dominated by farming. In Finland, however, dynamic urban centres are few and far between and farmers do not represent the largest rural population group. Most people of active working age who live in rural areas simply commute to the more densely populated areas (45% of the employed labour force in the countryside in 1996). Rural areas are thus primarily places where people live. In 2002 about 42% of Finns were still living in rural areas, but agriculture has disappeared from large areas, becoming concentrated in particular areas. Only about 10% of the entire Finnish rural population works in agriculture, and their share of the active workforce in rural areas is 19% (Vihinen 2006, 217). Moreover, less than 8% of the country is covered by agricultural land, most is forest and water.

Rural policy (without a sectoral – agricultural – perspective) emerged as a policy field in Finland before it did in most OECD countries. The term 'rural policy' appeared officially for the first time

in 1983 in a document produced by the rural development committee II (Komiteanmietintö 1983:41), and after a 'rhetorical phase' (Isosuo 2000, 59), the early 1990s can be regarded as the period of breakthrough for a solid policy incorporating implementation tools. Finnish rural policy has been based on the principle that the countryside has intrinsic worth, offering an alternative to urban living and lifestyle, its very existence and accessibility representing an important social value. It is not merely regarded as being a hinterland, modified by the various positive and negative forces emanating from populated centres, but is an entity with a will and vision of its own. However, as for urban areas, rural areas need active development of the public sector. Hence, the challenge of rural policy is to guarantee the existence of a viable and functioning countryside in constantly changing circumstances, including those brought about by global climate change.

In the Finnish context, it is essential that rural policy cuts across sectoral concerns and has territorial orientation. The strategic objective of rural policy is to incorporate rural areas more closely into general development work carried out by public and private actors, and to ensure that the rural viewpoint is acknowledged in the daily running of society. This is done by pursuing both *broad* and *narrow* rural policy. Broad rural policy refers to the efforts used to influence all actions that impact rural areas implemented within and by the different administrative sectors as part of the development of society. Narrow rural policy comprises all the measures targeted

Organisation of rural policy in Finland

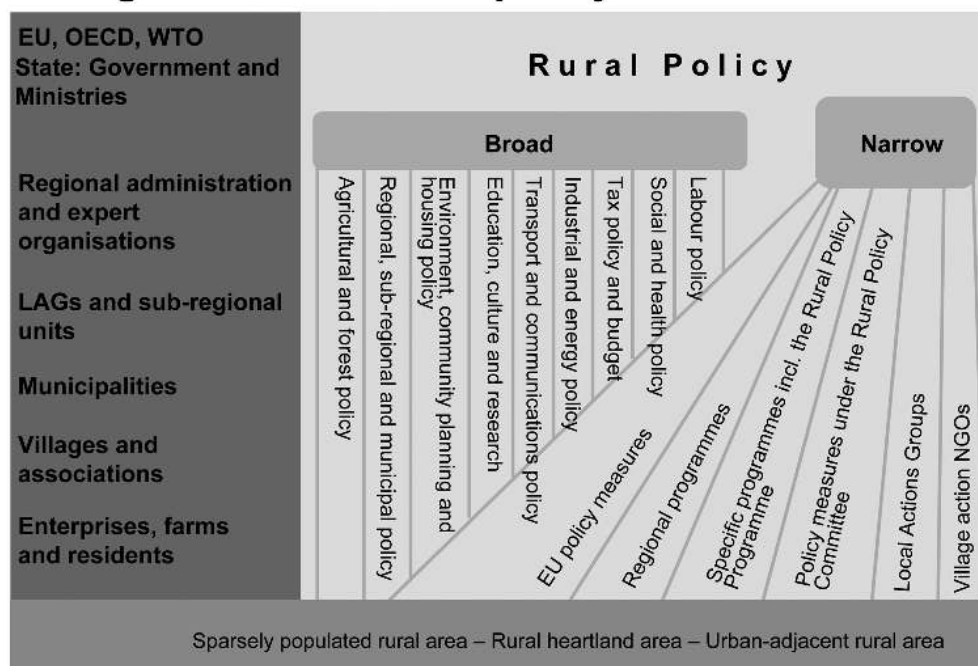


Figure 1. Organisation of rural policy in Finland (See e.g. OECD 2008, 102)

specifically at the rural areas. Figure 1 outlines the rural policy setting.

Current key issues in Finnish rural policy are:

- To develop the rural policy system further and to consolidate the rural frame into Finnish politics.
- To diversify the economic base of rural areas.
- To establish more efficient and sophisticated decentralised, sustainable solutions - in particular in sparsely populated and rural heartland areas.
- To influence the strengthening of the CAP second pillar in such a way that it will become genuine rural policy and that it will better take into account peripheral areas and sparse populations and become more proactive.

CHALLENGES IN FINNISH RURAL POLICY. Finnish rural policy faces several challenges at different levels. In the long term the task is to consolidate

the achievements realised to date. For the first, purposeful long-term work has to be continued to develop *basic tools* that facilitate precise and efficient policy formation and regionally targeted policy implementation. The second challenge is to strengthen *system innovation* in policy. The third challenge is to continue improving the setting for local action work, which can be termed an *operational innovation*.

National rural classification is one of the major achievements in support of rural policy. It originated in 1991 when the first national rural programme introduced the idea of the area division of rural policy in the form of the so-called *tripartite* principle. Rural municipalities were re-classified in 1993 and 2000. A third updated version of the typology, featuring new data and revised classification criteria, was published in 2006 (Malinen et al. 2006).

The typology divides rural municipalities

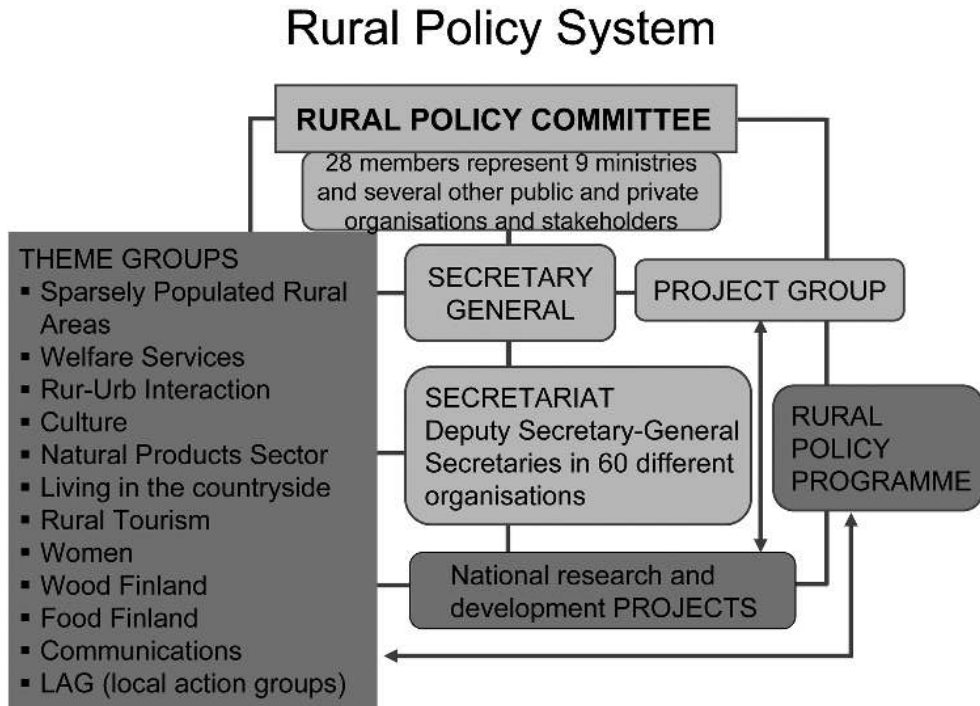


Figure 2. Finnish Rural Policy System

into three groups;

- (i) rural municipalities close to urban areas (cities and towns),
- (ii) core rural municipalities and,
- (iii) sparsely populated rural municipalities.

The classification can be used to direct development measures, especially in regional and rural policy and in scaling of resources. The allocation of rural policy resources can thus be optimised, particularly from the standpoint of the most rural municipalities, thereby emphasising the means for promoting endogenous development factors, which in other policy structures would be neglected.

The second general key challenge is to provide rural policy with its own place and tools (OECD 2008) and to get recognition of the governance rural policy represents in administration (Uusitalo 2009). The Finnish rural policy system consists of four bodies (Fig 2 light grey), which

are all cross-sectoral, and of three main practical methods (Fig 2 dark grey). At the heart of the system is the Rural Policy Committee, which is appointed by the Finnish Government and has 21 members. It comprises representatives from 9 ministries, other public organisations and private stakeholders that work together on a partnership basis. The routine work of the Committee is managed by a Secretary General, who in turn is assisted by a Deputy Secretary General and part-time secretaries in 60 different public and private organisations. This is the so-called “kitchen” method of rural policy, which allows for continuing effect of the rural policy system on broad rural policy at different levels in society. The fourth part of the system is the Project Group, which manages both national research and development projects on rural policy.

The three main working methods of the rural policy system are the Rural Policy Programme, national research and development projects, and

the Theme Groups. The Rural Policy Programme deals with broad policy issues – rural impacts of the actions of different sectoral policies, and the means to alleviate the negative impacts and reinforce the positive consequences. The programme is revised about every four years, and it incorporates both a strategic perspective and concrete proposals with explicit references to those responsible for implementing them. The Rural Policy Committee carries forward the proposals of the programme through negotiations, projects, theme group work and by influencing various political processes. The preparation of the Rural Policy Programme includes the preparation of the so-called Special Policy Programme, which contains only those issues and actions that fall within the competence of the Government.

During recent years the Rural Policy Committee has used about 3 million euros each year for about 70 research and development projects. The funded projects are often closely connected to the implementation of the policy programme. There are 10–15 Theme Groups working on specific themes, which in some cases represent a type of laboratory for developing new ideas. The groups are often temporary, but permanent groups, such as the one for LAGs, the Theme Group for Rural Tourism and the Theme Group for Welfare Services, are important in their own fields.

The third major challenge is to strengthen local actors and bring regional structures in line with rural policy (OECD 2008, Maaseutu ja hyvinvoiva Suomi 2009). This includes a timely reaction to the continuously changing role of

the third sector in the society (Uusitalo 2009). Finland is the only country where representation on the LAG boards must follow the three-way procedure, while in the other countries it is only required that at least half of the representatives of the decision-making bodies, i.e. boards, must be other than official authorities. In Finland the official authorities are the municipal officials and those holding municipal positions of trust, which make up a third of the representatives. Unlike in other countries, the local rural residents must also be represented on the boards to reinforce the grass-roots input to rural development.

As to the factors which explain the extensive and rapid process of mainstreaming the LEADER method in Finland, Päivi Pylkkänen and Torsti Hyyryläinen (2004, 29) reported on:

- the network-based national rural development policy
- the viability and functional capacity of civil society.

To summarise, the goal of Finnish rural policy is to draw attention to the specific needs of rural areas and integrate them into central government decision-making in various, relevant sectors. This is achieved through the work of a large committee with an extensive cross-sectoral focus. The 21-member committee, which represents nine ministries and several other organisations, is hosted by the Ministry of Agriculture and Forestry. Staff members from various organisations serve as part-time secretaries. The OECD (2006, 82) states that this arrangement is con-

TABLE 1. Future structure of the Finnish rural developments policy system

ACTORS LEVELS	Non-governmental organisations	Governmental organisations
LOCAL	Village association	Municipality
SUBREGIONAL	LAG	Subregional unit of municipalities
PROVINCIAL	Regional organisation for local actors	Regional unit for horizontal affairs
NATIONAL	Village action movement Rural parliament	Rural Policy Committee
EU	European Rural Alliance	EU Commission

sistent with the Nordic tradition of a consensus-building approach to decision-making. This type of organisation is the principal feature of Finnish rural policy.

Finnish rural policy is based on detailed regional information and classification. Tailored tools and measures are available through creation of a rural area typology. Last but not least, the strong infrastructure at the local level facilitates place-based policies. The commitment of the rural civil society allows for multi-stakeholder arrangements, such as the successful LAG work.

Despite good results to date, the rural policy system and its working methods still need to be improved. In Finnish rural policy thinking there is now a shared understanding of the need to strengthen all relevant functional levels. There have to be both public sector and civil society partners at all levels. A vision of the future structure of the rural development policy system is outlined in Table 1.

In 2009, both the fifth Rural Policy Programme (for 2009–2013) (Maaseutu ja hyvinvoiva Suomi 2009) and a White Paper on Rural Policy (Maaseutu ja hyvinvoiva Suomi. Valtioneuvoston maaseutupoliittinen selonteko Eduskunnalle 2009), which are parallel programmes, laid down their visions for the future. In addition to the three general policy challenges discussed above, the programmes raised a number of other issues. The programmes aim at improving the relative position of sparsely populated areas, and safeguarding the public service provision in equal terms in the context of an ageing population over the entire country. The programmes commit themselves to infrastructure improvements (roads, railways, broadband), and to facilitate rural industries and entrepreneurship. The issue of labour availability, and foreign labour in particular, is also addressed. Finally, it has been decided to strengthen the tools for monitoring and rural proofing. This is compulsory for different government departments at all levels, and all public bodies, to demonstrate that they have taken rural interests into account in framing and implementing policy and defining the extent to which their strategies will benefit rural areas.

During two decades Finland has developed a genuine way of making rural policy, which special strength is a long-term cross-sectoral approach, which represents an example of new governance. Even though Finnish rural policy has been highly successful, it is still needed as the challenges faced by the rural areas continue to increase.

REFERENCES

- Isosuo, Tuula 2000: Toimintaryhmätyön vahvistuminen. In Hyyryläinen, Torsti–Rannikko, Pertti (eds.) Eurooppalaistuva maaseutupoliittikka. Osuuskunta Vastapaino, Jyväskylä. 61–77.
- Maaseutu ja hyvinvoiva Suomi. Maaseutupoliittinen kokonaisuohjelma 2009–2013. Maaseutupoliittikan yhteistyöryhmän julkaisuja 5/2009. Helsinki.
- Maaseutu ja hyvinvoiva Suomi 2009. Valtioneuvoston maaseutupoliittinen selonteko Eduskunnalle. http://www.maaseutupoliittikka.fi/files/943/maaseutupoliittinen_selonteko_VN.pdf
- Malinen, Pentti–Kytölä Liisa–Keränen, Heikki–Keränen, Reijo 2006: Suomen maaseututyypit 2006. Maa- ja metsätalousministeriö 7/2006. Maa- ja metsätalousministeriö, Helsinki.
- OECD 2006: The New Rural Paradigm. Policies and Governance. OECD Rural Policy Reviews. OECD.
- OECD 2008: OECD Rural Policy Reviews. Finland.
- Pylkkänen, Päivi–Hyyryläinen, Torsti 2004: Mainstreaming of the LEADER method into rural development policies in Finland. Maaseudun uusi aika, English Supplement 4/2004, 22–32.
- Uusitalo, Eero 2009: Maaseudun elinvoima tehdään. Maaseutupoliittikan itsenäistyminen alue- ja maatalouspolitiikan puristuksessa. Forthcoming in 2009.
- Vihinen, Hilkka 2006: Impact of Agricultural Policy on Rural Development in the Northern Periphery of the EU: The Case of Finland. In: Diakossavvas, Dimitris (ed.) Coherence of Agricultural and Rural Development Policies. OECD. 217–230.