European Agricultural Fund for Rural Development (EAFRD)

24.04.2012
Director-General
Matti Räinä

Payment of project and enterprise funds, on the spot checks.

Recovery of project and enterprise funds

Management group
- Unit for payment and verification
- Legal services

Strategy unit

Business and industry, the labour force, competence and cultural activities

Transport and infrastructure

The environment and natural resources

Unit for employment and entrepreneurship

Unit for innovations and internationally expanding business

Unit for rural areas and energy

Unit for competence and culture

Unit for monitoring

Group for development of rural areas

Group for agriculture

Group for monitoring

Monitoring of aid to agriculture

Business support

Granter of funds for development and general investment projects, bioenergy, approval of enterprise development projects. (Axis 2, 3 and 4)

Structural funds of agriculture, grant (Axis 1)
Rural Development Programme for Mainland Finland 2007-2013, Actors

- Ministry of Agriculture and Forestry
  - Department of Agriculture (Managing authority)
- Rural Network Unit (in Seinäjoki)
- Agency for Rural Affairs (Managing and payment agency) (in Seinäjoki)
- ELY-Centers (delegated Managing authority and Payment Agency)
- Other actors in local level
- Local Action Groups (55) (MA)
- Municipalities

Central admin.

Local level
The essential rules governing rural development policy for the period 2007 to 2013, as well as the policy measures available to Member States and regions, are set out in Council Regulation (EC) No. 1698/2005.

Every Member State (or region, in cases where powers are delegated to regional level) have set out a rural development programme, which specifies what funding will be spent on which measures in the period 2007 to 2013.
Preparation of Programming Period 2007-2013 in Mainland Finland

Council Regulation

European Rural Strategy

National Rural Strategy
(Whole Finnish territory)

National Rural Development Programme
Two programme -> one Finnish Continent and one for Åland Islands

Axis 1 (11.2 / 7.8 %)
Axis 2 (73.6% / 81.7)
Axis 3 (12.6 / 8.9 %)

Axis 4 - LEADER methodology (5.3 / 3.7 %)

(% of EU contribution / % of total public funding)
Axis 1: Improving the competitiveness of the agricultural and forestry sectors

a) Promoting knowledge and improving human potential: vocational training and information actions, setting up of young farmers, early retirement

b) Restructuring and developing physical potential and promoting innovation: modernisation of agricultural holdings, adding value to agricultural and forestry products, cooperation for the development of new products, processes and technologies in the agriculture and food sector and in the forestry sector

11,2 % of total programme EU-funding
7,8% of total programme public funding
EU funding 45%
Funding available - in all rural areas
Strategic approach

- **Axis 1: Improving the competitiveness of the agricultural and forestry sector**

  1.1 Conditions for measures aimed at promoting knowledge and improving human potential
  - Measure 111: Vocational training and information actions
  - Measure 112: Setting up of young farmers
  - Measure 113: Early retirement

  1.2 Conditions for measures aimed at restructuring and developing physical potential and promoting innovation
  - Measure 121: Modernisation of agricultural holdings
  - Measure 123: Adding value to agricultural and forestry products
  - Measure 124: Cooperation for the development of new products, processes and technologies in the agriculture and food sector and in the forestry sector
Axis 2: Improving the environment and the countryside

Targeting the sustainable use of agricultural land: natural handicap payments in mountain areas and payments in other areas with handicaps, agri-environmental payments, animal welfare payments, non-productive investments, first afforestation of agricultural land

73,6 % of total programme EU-funding
81,7% of total programme public funding
EU funding 28%
Axis 2: Improving the environment and the countryside

2.1 Conditions for measures targeting the sustainable use of agricultural land

- Measure 211: Natural handicap payments in mountain areas
- Measure 212: Payments in other areas with handicaps
- Measure 214: Agri-environment payments
- Measure 215: Animal welfare payments
- Measure 216: Non-productive investments
- Measure 221: First afforestation of agricultural land
Axis 3: Quality of life in rural areas and encouraging diversification

a) diversification of industrial life in rural areas: expanding economic activities outside farming, setting up and development of microenterprises (under 10 AWU), tourism, protection and tending of wildlife heritage

b) quality of life in rural areas: basic services to industrial life and rural population, restoration and development of villages, preservation and promotion of rural heritage

12,6 % of total programme EU-funding
8,9% of total programme public funding
EU funding 45%
Funding available - in all rural areas
Axis 3

Regional and local programmes & implementation:

– Employment in rural areas
– Diversification combined with agriculture
– Micro-scale entrepreneurship in rural areas
– Tourism in rural areas
– Investments and development projects
– Coordination with ERDF, EFF
Axis 3

**Quality of Life in Rural Areas**

- Most of rural areas sparsely populated
- Ageing population
- Equal possibilities in information society
- Active and competent citizens
- Mostly local programmes
- Village development, infrastructure (322)
- Cultural and natural heritage (323)
- Training, knowledge and communication (331)
- Coordination with ERDF, ESF
Axis 3: The quality of life in rural areas and diversification of the rural economy

3.1 Conditions governing the measures to diversify the rural economy

- Measure 311: Diversification into non-agricultural activities
- Measure 312: Creation and development of micro-enterprises
- Measure 313: Encouragement of tourism activities

3.2 Conditions governing the measures to improve the quality of life in rural areas

- Measure 321: Basic services for the economy and rural population
- Measure 322: Village renewal and development
- Measure 323: Conservation and upgrading of the rural heritage
- Measure 331: Training and information
80% to the blue and green areas
Axis 4

Leader methodology 2007-2013
Axis 4: LEADER approach

- regional strategy for designated rural areas on the level of sub-regional units
- bottom-up approach – decisions on the strategy and implementation by the LAG
- local private-public partnership
- diversified and comprehensive action – interaction between industries, actors and projects in different sectors
- innovation
- cooperation projects
- networking of local partnerships
Axis 4: Leader

4.1 Local rural development plans of local action groups

- Measures 411, 412 and 413: Measures under axes 1, 2 and 3
- Measure 421: Inter-territorial and transnational cooperation
- Measure 431: Running the local action group, acquiring skills and animating the territory
Leader action groups

- There are 55 Leader action groups in Mainland Finland and five of them operate in Northern Ostrobothnia: JoMMa ry, Keskipiste-Leader ry, Myötäle ry, Nouseva Rannikkoseutu ry ja Rieska-Leader ry.

- Leader is a French acronym, standing for ‘Liaison Entre Actions de Développement de l'Économie Rurale’, meaning ‘Links between the rural economy and development actions’.

- Local Action Groups (LAGs) are made up of public and private partners from the rural territory, and must include representatives from different socio-economic sectors.

- They receive financial assistance to implement local development strategies, by awarding grants to local projects.

- They are selected by the managing authority of the Member State, which is either a national, regional or local, private or public body responsible for the management of the programme.
Map of the Leader action groups

45. Rieska-Leader ry
46. Keskipiste-Leader ry
47. Nouseva rannikkoseutu ry
48. Jokivarsien moderni maaseutuyhdistys ry
49. Myötäle ry
Decision making procedure in Leader: a simple picture

- double-barrelled decision making procedure: approving statement from Leader group is needed for ELY-centre decision making

LAG's duty is to advice the applicant and check the application. ELY-centre makes the legal verification
Local Action Group

Board
1/3 representatives of municipalities
1/3 local associations and enterprises
1/3 rural inhabitants

worker

municipalities

local people, enterprises, farms and residents
Financing model

MINISTRY OF AGRICULTURE AND FORESTRY

project- and administrative funding (EU and State)

AGENCY FOR RURAL AFFAIRS 1.5.2007

NETWORK

Rural Network Unit 1.10.2007-2014

ELY CENTRE

project funds (EU and State)

LOCAL ACTION GROUP, LAG

administrative funding (EU and State)

MUNICIPALITIES

project- and administrative funding (municipalities)

PROJECT n

private funding

municipal project funding

Euroopan maaseudun kehittämisena maatalousrahasto: Eurooppa investoi maaseutualueisiin
Leader LAGs can finance following Support forms and support levels

<table>
<thead>
<tr>
<th>Support forms</th>
<th>Max. support level (LAGs can dis. lower)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment aid to micro-enterprises (max. 10 workers)</td>
<td>35% / 30% / 25% / 20%</td>
</tr>
<tr>
<td>Business start-up aid to micro-enterprises</td>
<td>50%</td>
</tr>
<tr>
<td>Aid for the development of enterprises or groups of enterpises (max. 10 workers)</td>
<td>50% (max 1 500 € 90%)</td>
</tr>
<tr>
<td>Business development projects (including preliminary studies)</td>
<td>90% / 100%</td>
</tr>
<tr>
<td>Development projects of general interest (including preliminary studies)</td>
<td>90% / 100%</td>
</tr>
<tr>
<td>Training projects</td>
<td>90%</td>
</tr>
<tr>
<td>Investments of general interest</td>
<td>75%</td>
</tr>
<tr>
<td>LAGs running costs (administration, animation etc.)</td>
<td>100% (of total public budget 14%-20%, average 16,5%)</td>
</tr>
</tbody>
</table>

Each LAGs total budget in 2007-2013 have to include 35% private funding.
In general investments and development projects can part of private funding be voluntary work (maximum 75%). Maximum public funding of projects financed through the Leader approach is 150 000 euros.
What problems / success

- High bureaucracy
- RDP is large and complicated!
- Indicators - lots of challenges, flexibility needed
- Challenges in integration with other programmes

+ Strategic approach
+ No more programme-borders
+ Good new approaches
+ Flexibility in measures
+ Limited amount of regulations
+ Harmonisation of rules
+ Mainstreaming of LEADER -method
Support for projects is granted to cover the following reasonable costs:

- salary and fee costs;
- travel costs;
- purchased services;
- rent costs;
- material and other costs.

However, support is not granted for development projects where the participants are limited on one or only a few enterprises.
Types of projects

- Development projects
  - Enterprise development projects
  - General development projects

- General investment projects

- Training and information projects
  - Training project
  - Information project

- Coordination project
An example of an enterprise development project

- MODERNIKOLHOOSI (The modern kolkhoz), Pyhäjärvi municipality
  - 111.2 an enterprise development project
  - Actions:
    - The purpose of the project is to create new ways for farmers to cooperate, so that they could share the cost, financial responsibility and work.
    - Therefore the project corresponds to the new challenges of the day. The consequence of the structural development is that the farms need to expand. The amount of work is increasing as well.
    - At its most ambitious the farmers can create a joint enterprise: a modern kolkhoz.
  - The implementation period 1.1.2012 - 30.6.2014, total cost 393 500€, 97,46%
  - The implementation area: Haapajärvi, Kärsämäki, Pyhäjärvi ja Reisjärvi.
An example of a general development project

- Oppia perinteistä –hanke (Learning from the traditions project), Haapaveden-Siikalatvan seudun kuntayhtymä, Siikalatva subregion, Keskipiste-Leader ry
  - 323 a general development project
  - Actions;
    - The purpose of the preliminary study is to
      - survey the regional craft traditions, the possibilities to transfer the traditions to the younger generation and to help them to expand their business internationally.
      - bring together craftsmen and people which are interested in handcrafts
    - There will be an exhibition for the local and Irish products.
    - The actual project will be drawn up from the results of the preliminary study
      - The implementation period 3.10.2011-31.5.2012, total cost 31 000€, 100%
An example of a general investment project

- Alakylän Nuorisoseuran viemäröinti ja talon kunnostustyöt (Sewerage and renovation of the community center of Alakylä), Kiimingin Alakylän nuorisoseura Toivola ry, JoMMA ry
  - 321 a general investment project, building
  - Actions;
    - Renovating the drainage system
    - Renovating the toilets
    - Repairing the yard
    - Refining and varnishing the floor of the hall
  - The implementation period 14.5.2008 - 31.5.2010, total cost 29 440€, 50%
An example of a training and information project

- Uutispuuro- rural information project, Union of Rural Education and Culture
  - 331 training and information project

- Actions:
  - To inform about the rural affairs in the urban areas
  - To organize trainings related to rural development
  - To create a dialogue between the rural and the urban areas in Northern Ostrobothnia by increasing the amount of knowledge about services and entrepreneurs in the rural areas
  - To organize regional and provincial rural parlaments, in which decision-makers, residents and entrepreneurs of the area are invited to discuss about their experiences
  - To create a regional information strategy, which will be used even after the project
  - Beneficiaries of the project are the residents of the area, entrepreneurs and the actors which are implementing the rural development
  - To increase the cooperation with the media

- The implementation period 1.6.2009-30.12.2011, total cost 427 865€, 100%

- The implementation area: Northern Ostrobothnia
An example of an coordination project

- Koillismaan pienimuotoiset investoinnit-koordinointihanke, Low budget investments in the area of Koillismaa coordination project, Myötäle ry

- The purpose of the project:
  - Societies and communities can implement low budget investments, which cost 850 - 5000€
  - Activating the regional communities and residents
  - Promoting cooperation and increasing the attractiveness of the villages

- Coordination project gathers so called sub-projects into one big project

- Implementing the application process: organizing information meetings and receiving applications

- The implementer is being offered guidance with the purchases, public relations, management and payment.

- Planning and implementing of the sub-project are responsibilities of the community which applied the project

- The implementation area: Kuusamo and Taivalkoski

- The implementation period 01.01.2011-31.12.2011, total cost 21 676,07 €
Project Implementers

- **Ministry of Agriculture and Forestry:** managing authority of the programme, planning of the programme and changes to it, provisions, competent authority as regards the paying agency

- **Finnish Agency for Rural Affairs:** management of support payments, application forms and instructions, paying agency tasks: payment of support, control and further measures (some tasks transferred to ELY Centres and municipalities)

- **Rural Network and Rural Network Unit**

- **Centres for Economic Development, Transport and the Environment (ELY Centres):** support for enterprises (incl. setting-up aid for young farmers and agricultural investments) and development projects, special agri-environment contracts, non-productive investments, certain paying agency tasks

- **Leader groups:** projects and support for enterprises under local development plans

- **Municipalities:** commitments to basic agri-environment measures, natural handicap payments, animal welfare payments, certain paying agency tasks
The administration of rural development in Finland is constructed as follows:

The **T&E Centres** provide funds for business aid and projects and they also grant the payments for special agri-environment measures. TE-centres make all the final project approval and payment decisions in Leader-projects and Leader business aids. TE-centers make legal checks. T&E Centers have delegated managing and paying authority duties. T&E Centers makes on the spot checks.

The **Rural Network** provides links between rural developers. The Rural Network Unit provides services for the LAGs and assists them, for example, in finding international partners. Network organize training relating good practices and also training to the LAGs for example Leader-association board members.
The administration of rural development in Finland is constructed as follows:

The Finnish Agency for Rural Affairs is the national authority responsible for the administration of rural funding. The Agency is in payment authority and it has also delegated managing authority. The Agency compiles application forms and instructions and is responsible for paying and supervision of the funds granted. Agency give to the LAGs all administrative training. Agency makes to the LAGs guidance, check list, application and payment forms.

The Ministry of Agriculture and Forestry is responsible for planning the rural development programme and any changes in. Ministry also makes Rural strategy other political guidelines. Ministry prepare national legislation and allocation funding to the regions and LAGs. Ministry selects LAGs.
More information on the Rural Development Programme for Mainland Finland 2007-2013:

- [www.rural.fi](http://www.rural.fi) (Rural programmes 2007-2013 inc. Rural Network Unit)
- [www.mmm.fi](http://www.mmm.fi) (Ministry)
- [www.mmm.fi/leader](http://www.mmm.fi/leader) (Ministry / Leader)
- [www.mavi.fi](http://www.mavi.fi) (Agency for Rural Affairs)

Thank you for your interest!