

II.6 GEOGRAPHICAL REPORT FINLAND

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1. Introduction

Finnish LEADER II Local Action Groups (total 22) had been responsible for implementing about 3000 rural development projects. The geographical areas served by these groups had a combined population of 814 000 persons living in 157 municipalities, with each group covering 2-16 municipalities. The mean population of the area covered by one group was 37 000 inhabitants.

In this European evaluation process together with two LEADER II programmes four local action groups were analysed as cases. These LAGs were:

- Rieska LEADER ry, Programme 5b
- I Samma Båt Programme 5b Swedish-speaking area
- Tornionlaakson LEADER Programme 6
- Koillis-Savon LEADERII Programme 6 also selected as focus group

Doctor *Torsti Hyyryläinen* has made the programme level interviews and researcher *Asko Hänninen* has collected the data concerning the local action groups. As a Finnish geographical evaluator doctor Hyyryläinen is responsible for the evaluation process and the results.

2. The focus group evaluation

Koillis-Savon LEADER II -LAG was selected as the focus group. Members of focus group were:

Mr. *Pekka Stjerna*, company analyst, Rural Department of Employment and Economic Development Centre, North Savo

Ms. *Päivi Puustinen*, Project Manager in financed LEADER II-project

Mr. *Matti Rahunen*, Expert, Koillis-Savon LEADER II

Ms. *Reeta Rönkkö*, Coordinator, Koillis-Savon LEADER II

Mr. *Torsti Hyyryläinen*, Ph.D., responsible evaluator, University of Helsinki

Mr. *Asko Hänninen*, M.Sc., researcher, University of Helsinki

The first contact was taken at the middle of the March by email. Matti Rahunen was interviewed (Q202) in 25th of April. Mr. Rahunen proposed possible candidates for focus group. We decided to organise one-day workshop. The date for focus group was 21st of May. Meeting was arranged at Employment and Economic Development Centre in Kuopio. The workshop focused the most significant changes and the role of LEADER specificities in these. We both engaged to the process, Asko was an observer and Torsti lead the working procedure as an animator. In the workshop the group discussed the given themes and used certain innovative and systematic techniques (brainwriting pool, ideas on the wall etc.).

2.1 Most significant changes and LEADER II specificities

According to the group members LEADER II had effects on many issues. In our workshop 20 **significant changes** (listed here below the sub-titles) were mentioned. Main changes are following:

- Changes in attitudes, enlargement of consciousness
- Cooperation increased and diversified
- New actors participated
- Know-how developed and grow

Changes in attitudes, enlargement of consciousness

- Regional administrators own interpretation of countryside widened
- Local actor's sense of responsibility increased
- Actors learn to know better their own area (the sub-region)

- Villagers became more active in responding to local problems and drawbacks
- Regional awareness increased
- The people adopted the concept of innovation as a part of project thinking

The change of attitudes is the most remarkable LEADER II accomplishment. The level in consciousness has increased among grass-root actors and regional state officials. Local people have realised in concrete that rural development could be in their own hands. Especially bottom-up approach has affected on these matters. Area-based and innovative approaches were also counted as important. People began to think rural development in wider regional context.

Cooperation increased and diversified

- Internal cooperation increased in administration
- Farm entrepreneurs came along in cooperation
- Cooperation between associations activated
- Cooperation with different actors became reality
- Cooperation between local actors and regional authorities increased
- Internationalisation developed
- Role of The Central Union of Agricultural Producers and Forest Owners (farmers association) transformed

Cooperation increased and diversified in many ways. Contacts between local actors and the authorities, especially sources of finance, increased with time. These alterations were particularly based on partnership and area-based approaches. Decentralised managing and financing, bottom-up approach and innovative principles were seen also as considerable. Networking and international connections were seen remarkable too.

New actors participated

- Beside municipalities, other local action groups got a role in rural development
- Prevention of social exclusion

LAG has got an active role in rural development. LEADER has brought along new actors and activated passive citizens. LEADER has encouraged new people to engage in development work and have offered new opportunities for putting their ideas into practice.

Know-how grew

- Learning of project work
- Already existed project activity on the area continued
- Networking skills and methods developed

Know-how has been grown in great extent. Project-work skills have also been improved. Implementation of decentralised managing and financing -principle has affected on these changes. LEADER -specificities as partnership and bottom-up were also evaluated positively.

2.2 Where did LEADER have no effect?

Despite of many effects LEADER II has not been as successful as assumed. Particularly following questions came up in our workshop:

- Entrepreneurship and number of new jobs
- Bureaucracy
- Regional structures and migration

Entrepreneurship and new jobs

Creation of new jobs was much more difficult than expected. Goals, which were written in LEADER business plan, were too optimistic. LEADER II has not succeeded in increasing entrepreneurship directly. According to the focus group, increase of entrepreneurship and employment is connected to larger structural changes. LEADER is one tool among others.

Bureaucracy

At the beginning, it was believed that LEADER -method would be less bureaucratic than conventional modes of development work. Unfortunately this was an illusion. Bureaucracy has not been decreased essentially. Even if, the decision-making system is decentralised, the public funding causes that there always will be formal norms.

Regional structures and migration

LEADER II has not succeeded to stop migration. Migration is still going on. However it is slowing down in some extent. LEADER is not big enough to prevent migration alone.

2.3 How should the LEADER-method be developed?

Generally LEADER -method was assessed positively and it was seen valuable. LEADER is needed in rural development. At the moment, they are reflecting actively LEADER -activities and practices in Koillis-Savo. They are seeking solutions for observed problems. Focus group mentioned three distinct problems:

- How to cross the administrative boarders?
- How to develop the organization of LAG?
- How to change the bureaucracy?

Removal of boarders preventing the activity

Borders of municipalities have been experienced artificial in LEADER-projects. Focus group suggested that wider regional and area-based thinking should be increased.

Organisation mode of LAG must be reconsidered

Association based organisation in LEADER-activity does not bind LAG-members strong enough. LAG Koillis-Savo does not have any membership fee. If LEADER –association does not have funding, local people are not interested in rural development even in free basis. In June 2003 there will be a meeting concerning LAG organisation in Koillis-Savo area.

Bureaucracy must be decreased

Decision-making and financing processes of LEADER projects should be rationalised. LEADER-project should be divided in two sectors: action and administration. Regional authorities should only monitor. In that way administration would not cost too much. Project should also be seen as one knit process, not separated in calendar years. In that way we can save money, time and effort. There is at least 35% over-bureaucracy at present. Decentralised managing causes double decision-making, which confuse the entrepreneurs. Also the claim of private funding is problematic for start-up entrepreneurs.

3. The LEADER II programme evaluation

Finland had two LEADER II -programme documents, one for **Objective 5b** areas and the other for **Objective 6** areas. LEADER II community Initiative Programmes were under the jurisdiction of the Ministry of Agriculture and Forestry. Even there were juridical two separate programmes, in practice both programmes were governed with the same way and the implementation processes were identical. *LEADER theme group* in which several ministries and organisations were represented, took care of the national implementation of both LEADER II programmes.

On the basis of the programme evaluation we can say the following

- LEADER specificities played key role in the selection process
- Trans-national cooperation did not develop strong enough
- New type of co-operation was created in all levels of administration
- Core stakeholders were strongly committed to LEADER implementation
- Effects to horizontal objectives were not direct, except in creation of equal opportunities
- LEADER was crucial for local small-scale projects
- As practical example LEADER II stimulated new kind of thinking
- LEADER effected most to social sustainability of rural areas
- LEADER delivered clear added value to Finnish rural policy

In the LEADER II selection process the explicit quality criteria were stronger than other factors. The local development plans (made by local action groups) were crucial. True competence, clear targets and strategies were asked. It can be said that the LEADER specificities played key role in the selection process. One of the most important criteria was “true” bottom up. Of course the political aspect existed too. It was important to get LEADER type of example to every part of the country.

Trans-national cooperation was encouraged by the administration in different ways. At the initial stage most of the time went for the starting of the operations. There was serious lack of time for the planning of international projects at the local level. It is also true that many of the Finnish LEADER groups established preliminary contacts with the LEADER groups in other countries and sometime entered into agreements with them.

Before LEADER II, people in Finland didn't know much about this type of local developing procedures. LEADER stimulated new kind of thinking. It was new mode of action. LEADER put turbulence to different administrative units in many levels. It brought new concepts on field of

administration, for example partnership was relatively new and unclear word. Some thought that LEADER is not juridical coherent enough. Finally it is question of the power and power relations. LEADER mixed some traditional ways to administrate and use (public) power.

Even there were many suspicious minds at the beginning, some key persons at the central administrative level committed very strongly to LEADER. The LEADER Theme Group had the main role in the implementation process. It supported local groups in many active ways. In Finland the administration supported local groups well in given limits of resources.

LEADER II was not so effective in terms of agricultural adjustment and diversification. In some cases farmers were encouraged to participate new type of projects. LEADER was not so effective either in employment or income enhancing. Using other words: the effect was not so strong as expected. LEADER had little more effectiveness in environmental protection and improvement. Many small projects were done in that field. Most effective LEADER II was in creation of equal opportunities. New activists came to local fields of action. LEADER had very clear effect to women participation. In some LAGs women took the key role.

LEADER II was crucial when funding rural development projects beyond the limits of structural fund programmes. Generally LEADER was understood as a resource for small-scale project funding. The decision making process was perceived very much decentralised. LEADER II promoted an alternative practice. It was a social innovation. It stimulated new kind of thinking and gave very concrete example of doing things different way. It stimulated small-scale administrative innovations on many stages. The most important effect was, that it forced people to cross-sectoral cooperation.

LEADER promoted mostly social sustainability. It was the mode of small-scale projects, human size of actions. It created self-confidence and trust to local possibilities and improved empowerment of local people. As a summary it can be said, that LEADER delivered clear added value to Finnish rural policy. It also delivered clear added value compared to other structural funds programmes operating in Finland.

4. General appreciation of the evaluator

Finnish rural policy has made significant practical efforts to create new local structures and partnerships. Perhaps the most important single factor in this has been the setting up of a nationwide network of Local Action Groups, partly under the stimulus of the European LEADER-programmes and the equivalent national POMO-programmes since 1996. At present there are 59 of these action groups in different parts of the country, and experiences of their work have been encouraging, in that more extensive cooperation is now taking place between the local inhabitants, communities, entrepreneurs and municipal authorities and new people and ideas have been mobilized. These new local partnerships have blended in well with the long tradition of local (municipal) government in Finland and contribute to the continued strengthening of local participation.

The national evaluation of LEADER II programmes (6 and 5b) in Finland documented the impacts achieved as follows:

- LAGs had been responsible for implementing about 3000 projects
- 556 000 participants in activation and other meetings
- 480 new enterprises created
- 3900 new jobs created, of which over 700 were full-time jobs
- The highest proportion of projects implemented (27%) were for improving the environment or living conditions
- Artisan, service and small enterprise projects amounted to 20% and tourism projects to 19.7%
- There were only 14 trans-national projects
- Two-thirds of the projects were carried out by communities or companies
- Among public organizations, the municipal authorities were responsible for the largest number of projects, 257.
- The work of the LAGs was a new thing for everyone at first and required much learning.
- The local emphasis was visible in the goals set for the local strategies and programmes.
- The numbers of participants increased as the work progressed.
- The board members of the LAGs felt that they were working independently.
- Ways of working became more flexible with time and adjustments could be made for the bureaucracy involved.

- Contacts between local actors and the authorities, especially sources of finance, increased with time.
- Cooperation with the local authorities strengthened and confidence in their actions increased.
- New people became involved in the local development work, but even so,
- the broader-scale project work was left to an excessively small number of participants.
- Cooperation between the local authorities and various associations increased.
- The work of the LAGs complemented the range of economic development measures available to the local authorities.
- The state's regional administrators became more favourably disposed towards these projects as the process advanced.
- The goals for the development of entrepreneurship were not achieved in all respects, but
- Cooperation and networking between enterprises did improve.

4.1 LEADER as an investment to social capital

It can be said that LEADER II marked an important investment in local *social capital* in Finnish rural areas. LEADER II was very successful in activating local participants by comparison with other forms of development, and it is particularly notable that no other developmental approach has been able to achieve comparable results at the local level.

One important precondition for cooperation at the sub-regional level is that the sub-region should possess the corporate networks and responsibility structures on which cooperation can be built up. *Social capital* implies a capacity for working together with others in groups, organizations and social networks for the common good, and can be learned only by experience of such interaction and activated by establishing interaction and networking.

Local activity, personal commitments and investments in *social capital* are of great importance in the context of rural policy. Both physical and human capital is to be found in the countryside, but both are sparsely distributed. Given the correct procedures, these scarce resources can be identified more efficiently and gathered together so that they can have a creative influence on each other.

Our evaluation results suggest that the LEADER programmes have encouraged new people to engage in development work and have offered opportunities for putting innovative ideas into practice. LEADER method is relevant for sustainable rural development, but LEADER

specificities are not easy to put in practice in different contexts. According to my opinion, the majority of the problems of LEADER method were caused by the Finns administrative system itself. More flexible and trustworthy ways to use public funds must be studied. If we want to change administrative routines, we have to change power structures too. That is not the easiest way to promote more sustainable rural development, but it might be the only one.

4.2 Recommendations

- More resources to local action groups
- Less bureaucratic ways of managing and financing projects
- More investments to method-training (problem-solving and networking) of local people
- More investments to effective marketing of LEADER-idea and method
- More education to local and regional administrators
- Better self-evaluation procedures
- Better systems for local, national and international evaluation data collection
- Better help-systems for trans-national projects

4.3 Some comments on the evaluation process

The evaluation process contained some typical problems. The budgeted time-resources were too minor for the performing of the given tasks and the necessary information had to be gathered from several statistical sources.

The interviewees' busy was the biggest problem. Their schedules were not suitable for the timetables of the project. Also the answers differ at certain questions from each other a lot. One reason could be, that each person is in different life-situation at present. The degree of the criticalness of the interviewees varies. When analysing the results, it is good to keep in mind, that it is not easy to examine the past coolly if it is difficult right now on itself. So the present is reflected in the one, which had gone (for example the question 22321).

The interview-forms were extremely challenging. Firstly, there were too many questions. One interview that was carefully made lasted about four hours! Especially the LAG-interviewees regarded the forms as laborious. They had also difficulties to understand some of the questions. However, the logic of forms was good and the grouping of questions to three types also functioned well. The focus-group method functioned especially well and gave relevant and interesting results.

Model of implementation

