



Implementing new challenges type measures in Finland

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Rural Development Programmes for Finland

Two RDP's in Finland

- Total EAFRD contribution 2.155 billion EUR (incl. 67.586 Mio EUR for HC and RP)

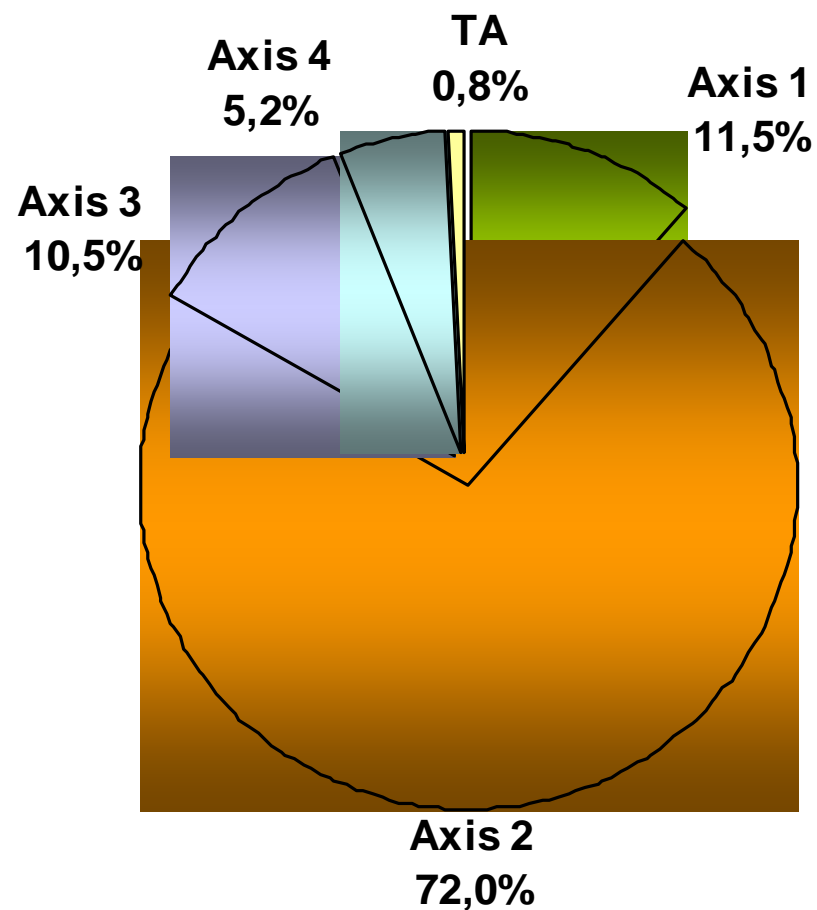
RDP for Mainland Finland (99.1%)

- EAFRD contribution 2.136 billion EUR (incl. 67 Mio EUR for HC and RP)
- Average co-financing rate 31.6%

RDP for the Region Åland (0.9%)

- EAFRD contribution 18.1 Mio EUR (incl. 0.6 Mio EUR for HC and RP)

The whole country is predominantly or significantly rural area (OECD)



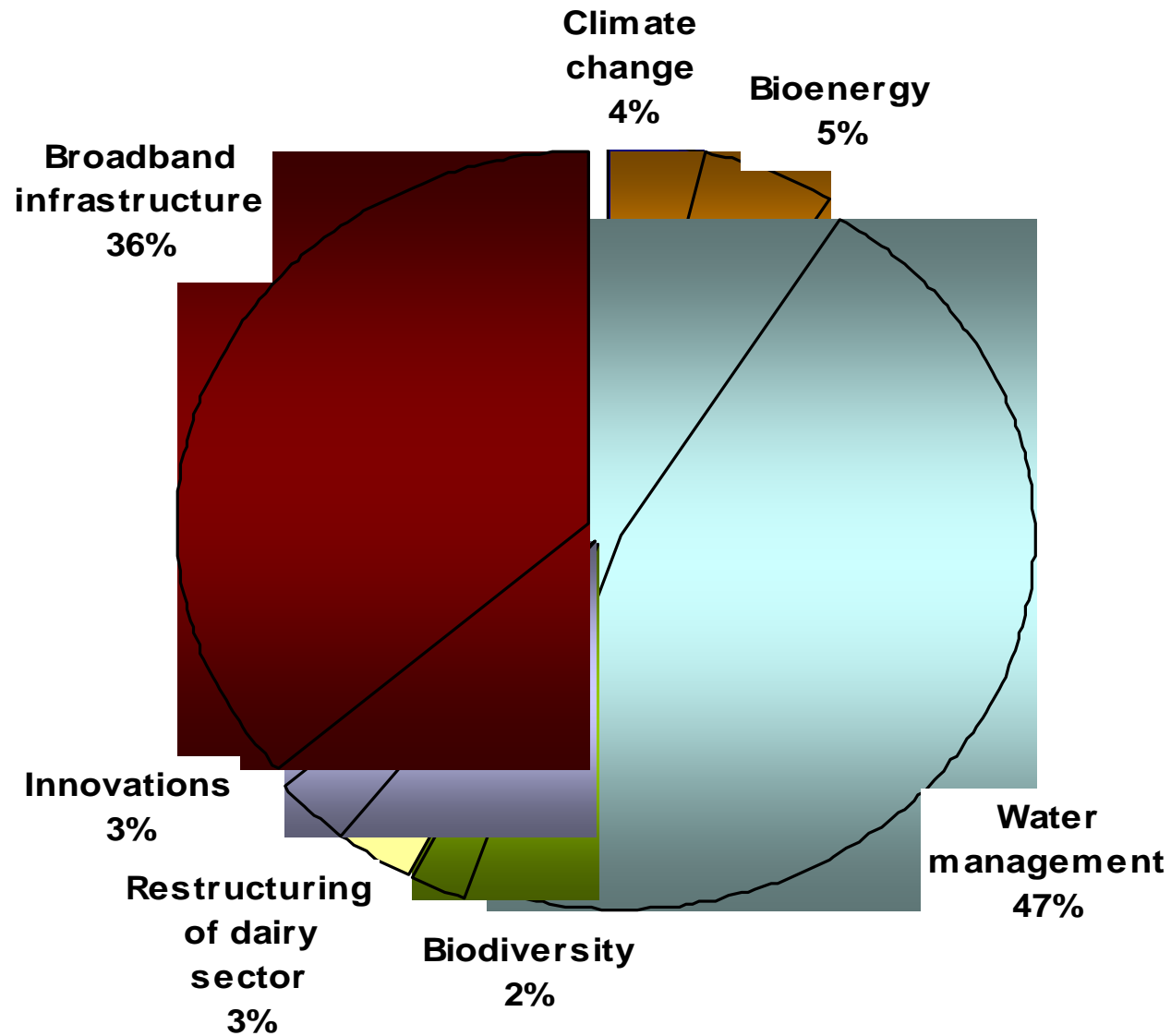
New challenges in rural development

- Climate change, bioenergy, water management, biodiversity, restructuring of dairy sector, innovations and broadband
 - there are also other existing challenges relating e.g. animal welfare
 - new challenges were not new issues in Finland's RDPs
 - Additional funds for rural development most welcome
 - Tight timetable to modify NSP and programmes
 - New administrative rules, need for additional national funds and separate role of new funds caused difficulties and extra work for national administration
- > not a simple exercise!

New challenges in the strategy (NSP) 1/2

- Preparations were made in a broadly-based strategy group including all interest groups
- According to the NSP, the priorities of new challenges are
 - reinforcing and increasing the positive and/or innovative impacts of the multifunctional operations; and
 - ensuring the access to rapid and comprehensive broadband internet connections for rural enterprises and residents
- It was needless to require the allocation of the additional funds in euros between the new challenges
 - this will cause many changes to the NSP and RDPs during the programming period

New challenges in the strategy (NSP) 2/2



New challenges in the programmes (RDPs)

1/2

- Co-financing rates as uniform as possible
- Concentration of the changes in co-financing rates only to the limited number of axis / measures / operations where management of such changes was somehow possible
- In the agri-environmental measure several operations could have been selected to receive additional funds
- According to NSP: reinforcing and increasing existing measures / operations + broadband
-> no new measures or operations other than broadband were included in the Mainland RDP, Åland did not allocate RP funds to broadband (HC+RP to agri-environment)

New challenges in the programmes (RDPs)

2/2

- Allocation of additional funds for measures / operations taking into account
 - suitable measures / operations (Annex II of Reg. 1698/2005)
 - the financial volume;
 - the management requirements of each measure / operation;
 - the payment and monitoring processes; and
 - the closure of the programmes.
- Important to have close cooperation between managing authorities and paying agency
- However, it is to be expected that changes to the programmes have to be proposed in the future



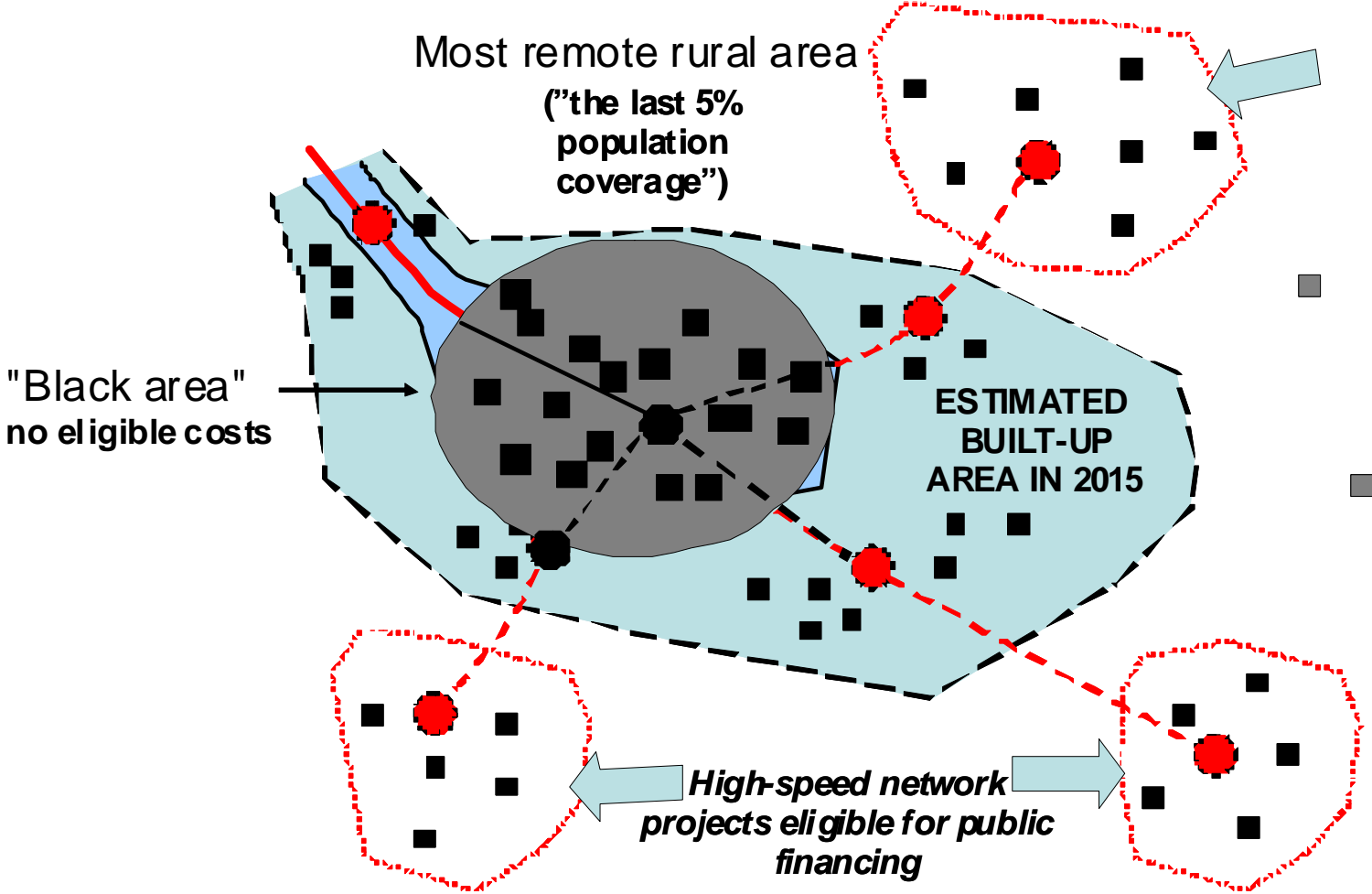
Allocation of additional funds

Axis	Public contribution (Mio EUR) in Mainland RDP			
	Total public	Co-financing rate (%)	EAFRD amount	Allocated to measures
Axis 1	23.8	45	10.7	111 Training (4,7 Mio •) 124 Coop & inno (6,0 Mio •)
Axis 2	65.6	45	29.5	214 Agri-environment
Axis 3	36.7	67	24.6	321 Basic services (broadband)
Axis 4	4.9	45	2.2	413 Leader under Axis 3 (311, 312, 321, 331)
Total	131.0	51.2	67.0	

Rural broadband infrastructure in RDP 1/4

- In 2008 the Finnish Government approved a national action plan to improve the infrastructure of the information society
 - "by the end of 2015 more than 99% of the population will be within no more than 2 kilometres from a fibre or cable network, allowing a contact of 100 Mbps"
- Recovery package offered the possibility to finance broadband infrastructure under the EAFRD.
 - Market-oriented broadband infrastructure -> 95% of the population
 - The last 5% of the population: public aid to high-speed network projects in strictly limited, most remote rural areas in Finland (approx. 130 000 households)

Public aid will be granted only to the projects located in areas of lowest population density where 5% of the Finnish population lives



Rural broadband infrastructure in RDP ^{3/4}

- The costs of the national action plan were estimated at about 200 Mio EUR during the years 2010-2015
 - telecommunications operators will pay at least one third
 - public aid (2/3) will be provided by the government (61.6 Mio €), municipalities (46.2 Mio €) and EAFRD (24.6 Mio €)
- End-users will have to acquire their subscriber connections at their own expense
- Co-operation with Ministry of Transport and Communication and Finnish Communications Regulatory Authority (FICORA)
- The first national pilot projects started in 2009, only few projects are ready to apply for the funds of RDP in 2010

Rural broadband infrastructure in RDP 3/3

Complicated start-up:

- State aid procedure was quite long, process was complicated and it introduced new requirements also to the RDP (claw-back clause, surveillance of 10 years etc.)
- National public funds for RDP-broadband operations come from municipalities, but now the financial situation of municipalities is weak due to the economic downturn
- Demand for broadband in the rural areas is not yet very active, information and counselling is needed.
- Still many technical and economical questions to be solved in the projects due to e.g. difficult natural conditions, actual work is possible only between May - October.

The overall attitude is very positive in rural areas.

Monitoring

- All operations fulfilling the requirements for new challenges are monitored under the RDP, not only those which are financed by the additional funds from the EAFRD
- Separate, extensive monitoring is important for the future in order to get a comprehensive view of the impact of the measures answering to the new challenges
- Next annual report + monitoring tables will be new challenges for us

Key experiences - lessons we have learned

- Possible modulation funds should be transferred to rural development on a permanent basis, and only from the beginning of the programming period.
 - This would also considerably simplify the administration of the programme.
- The strategy should include the main outlines, not too many details such as amounts in euros per priorities
- Important to have close cooperation between managing authorities and paying agency
- Simplification is needed at every level

We need simplification at every level

