OECD REVIEWS FINLAND’S RURAL POLICY

The OECD Group of the Council on Rural Development has reviewed Finland’s rural policy, at a meeting in Helsinki (Finland) held on 14th-15th June 1994. It is the OECD’s first appraisal of a Member country’s rural policy.

Finland has a population of nearly five million, mainly concentrated in the south and west of the country. Together with its Scandinavian neighbours, Finland is one of Europe’s least densely populated countries. On the OECD definition, 57 per cent of its population live in rural areas accounting for 98 per cent of the country’s territory, which makes Finland one of the most rural Member countries (OECD average: 35 per cent of the population and 96 per cent of the territory). The main features of Finland’s rural areas are summarised in the tables 1 and 2 attached.

The Finnish authorities, fully understanding the importance of their countryside, have been conducting an implicit rural policy since the early 1980s. The OECD’s work on rural development, together with the Council of Europe’s European Campaign for the Countryside (1987-1988) enabled the Ministry of the Interior to initiate a Rural Development Programme in January 1988. One of the first steps taken under this programme was the formation of a Rural Policy Committee bringing together nine ministries, two representatives of interest groups, and six experts. This is now a standing Committee with a secretariat in the Ministry of the Interior and in the Ministry of Agriculture and Forestry. In 1992 these Ministries published a paper, "Rural Policy in Finland", which gave an overview of the rural world, its assets, and the obstacles to its development. This paper set out the changes influencing rural policy, mapped out objectives and strategies, and suggested measures in fifteen areas, ranging from agriculture to the promotion of rural culture, and from continuous training to the development of local and regional tiers of government.

The review focussed on the problems involved in implementing Finland’s rural policy and its strengths and weaknesses. In co-operation with the OECD, the Finnish authorities have proposed that the review cover four essential issues in rural development policy: (i) rural indicators (ii) infrastructure and service networks (iii) employment opportunities, and (iv) institutional organisation.
The Review Group has found that Finland has excellent data down to the level of municipality and even village. These data allow each municipality to be assigned to one of four different categories (urban, integrated, intermediate or peripheral). Besides improving understanding of the situation, the indicators selected also have a wider application in defining, implementing and evaluating policies. The Review Group has pointed out that indicators need to be designed in the light of the objectives sought. It has noted that existing indicators are essentially socio-economic in character, and need to be supplemented, insofar as possible, with the main quantitative and qualitative data for rural infrastructure and services. It also considered that it was even more important to compile indicators of trends.

Finland’s rural policy-makers are aware that the maintenance of rural infrastructures and services is a necessary, albeit not sufficient, condition for retaining populations in rural areas, especially the more sparsely populated ones. At a time when budgets are being squeezed, this target can be achieved only by using the financial and human resources available as effectively as possible. Finland’s government has rightly opted for a multifunctional, comprehensive policy approach with the emphasis on co-ordination and co-operation between the public and private sectors. The Review Group has drawn attention to some of the risks posed by privatisation and deregulation in this area, recommending that special attention be given to remoter areas, with the aid of back-up measures, to ensure a minimum level of infrastructure and services. The Group has also stressed that horizontal and vertical co-ordination and co-operation at every level are prerequisites for the successful implementation of this aspect of rural policy.

Finland has been experiencing an economic crisis since 1991, making it difficult to promote rural employment. Against a background of rising unemployment and declining farm employment, Finland’s rural policy, and the regional policy of which it forms part, has provided support for new ventures in the secondary and tertiary sectors, and encouraged diversification of agricultural and forestry-related activities. Advisory and training services at intermunicipal level, many of them run in conjunction with universities, are providing new entrepreneurs with logistical support. The Review Group regards these steps as beneficial, though still too sectorally-focussed and recommends that the actions of the Ministries concerned (Agriculture, Employment, Education etc.) be better co-ordinated. It stresses the need for lasting logistical support for small, medium-sized and craft businesses -- the only possible source of net job creation. It also considers that a promising avenue for Finland, its agriculture, forestry sector and rural tourism industry would be to valorize the amenities available. Present policy gives very little attention to this.

Effective institutional organisation is an important prerequisite for successful rural policy. Here, too, Finland is seeking the most appropriate solutions. Both decentralisation, giving greater power to the municipalities and grouping them together into "small economic regions", and devolution of government services to bring them closer to the grass roots, are on the agenda.
The Review Group has drawn attention to the need for a clear definition of responsibilities at every administrative and electoral level. It notes the difficulties caused by the large number and diversity of ministerial districts for their field of competence. It sees a need to clarify the links between regional policy, rural policy and sectoral policies. It also suggests that co-operation and co-ordination be improved not only at municipal and national level but also at regional level, possibly with a delegation of responsibilities from central government to regional level.

Finally, the Review Group wishes to draw attention to the pioneering role played by Finland, among OECD Member countries, in formulating a comprehensive multisectoral rural policy involving public and private partners at all levels. It notes the government’s stated determination to implement this policy. This determination is reflected in the research that has been undertaken, in the existence of interministerial co-ordination -- which could, however, be improved -- and in the request to the OECD for a policy review and appraisal. While the four issues suggested for review are important ones and cover a fair range of rural problems, they are not exhaustive: ways of valorizing rural amenities and keeping rural culture alive are other issues deserving of more attention in future.

Although Finland has had a Rural Development Committee since 1992 which has received a certain amount of funding, the rural policy review requested from the OECD is not ex post but ex ante; its general thrust is thus one of prior evaluation. It come at a key point in Finland’s political life, with decentralisation under way and the country preparing to join the European Union. Making a success of these changes while pursuing the on-going objective of developing the whole country today requires acceptance of genuine rural leadership at central level, clear organisation of devolved tiers of government, development of an intersectoral and comprehensive, i.e. territorial, approach, from the lowest level, that of the municipality, to the national level, giving more weight to regional and local diversity in policy formation and implementation, and a clear view of the role and positive functions of rural areas.

A full report on the review of Finland’s rural policy will be prepared shortly.

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