



Rural Development Programme for Mainland Finland 2014–2020

Developers and rural entrepreneurs

Presentation package 2/3



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Regional rural development strategies and plans

- ELY Centres responsible for preparation
- Broad-based regional preparation in 2012 and 2013
- Plans highlight the potential and strengths of rural areas in the region but also seek solutions for development needs
- Developing cooperation patterns
- Key areas of cooperation:
 - Smart specialisation in the region, competence
 - Bioeconomy development across sectoral boundaries
 - Company development and business environment
 - Accessibility, services, inclusion and wellbeing

Kaupunki-maaseutu luokitus



Urban-rural classification

Inner urban area

Outer urban area

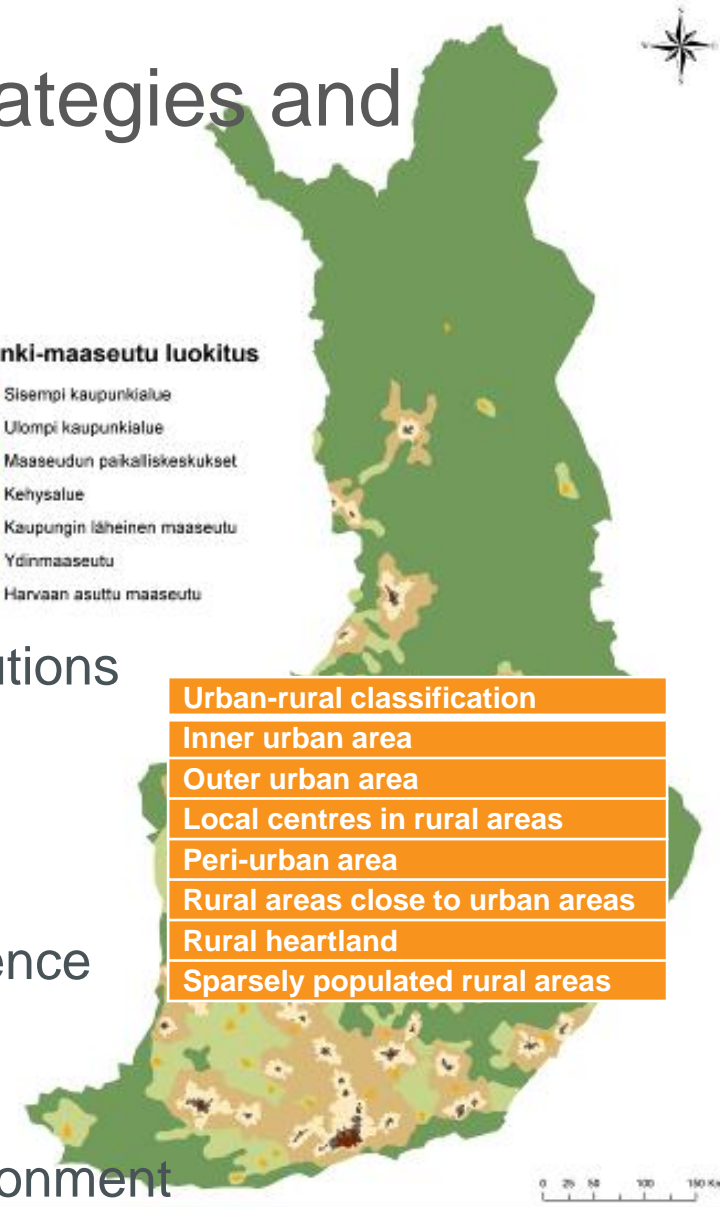
Local centres in rural areas

Peri-urban area

Rural areas close to urban areas

Rural heartland

Sparse populated rural areas



If it's not broken, don't fix it!

Programme implementation will focus on customer perspective – services provided at all ELY Centres

- During the programming period, the ELY Centres will have a total of some EUR 600 million of public funding (EU + national funding) at their disposal to implement the regional programme (business and project support).
- An indicative framework only will be given for each measure or support form.
- The funds will be allocated to the ELY Centres annually as budgeted, and implementation will be reviewed twice during the period.
- Local, regional, interregional and national projects.
- Some of the administrative functions will probably be centralised to a single ELY Centre (national and special environmental projects)
- Technical assistance amounts will remain at the real values of programming period 2007–2013
- Local action groups will have EUR 300 million of public funding (EU + national + municipalities) at their disposal to implement their local strategies (project and business support).



New features

E-services will be offered and the application process can be tracked online

Simplified cost procedures may be used

- One-off payments in projects of less than EUR 100,000 in value, and flat-rate payments for overheads. (Maximum amount of one-off discretionary start-up grants EUR 35,000.)

Measures that cover larger entities and are more flexible

A stepwise decision-making process in all measures

- However not applicable to Leader groups

Use of selection criteria to ensure open and equitable decision-making.

Focus on best projects!

- Regional and local emphases
- Leader groups will have their own selection criteria

Innovation, international and other cooperation projects and closer and more extensive research cooperation are part of the programme

Complementary impacts with other Funds on rural development in the regions and nationally will be permitted and encouraged

A unit that serves the Rural Network as part of the Agency for Rural Affairs



Regional development measures

Business funding

- Investment support and start-up support (incl. experiments)

Development project funding

- Training, service development, cooperation and innovations, international projects

Local action groups

Animation and business and project funding



Knowledge transfer and information actions

- A familiar measure, however more restricted in 2014–2020
- Vocational education and training, agriculture and forestry sector, SME entrepreneurs as the target group. Training providers are expected to have strong expertise.
- May include limited elements tailored for companies, farm and company visits
- Multiform training
- Demonstrations possible in information projects, so-called introductory projects may also include investments
- The contents of Leader measures may be broader, including knowledge transfer and information actions for rural inhabitants
- A framework of EUR **80 million** during the period + Leader funding



Development of services and villages

- An extensive measure with familiar elements
- Development and renewal of rural service models, experiments
- Village development projects, versatile possibilities
- Small infrastructures – small-scale investments e.g. in improved data communications, but no more broadband core networks
- Planning, implementation, investments
- Maximum level of public support 90/100%, in investments 75%.
- Framework of EUR 80 million during the period + Leader funding



Environment contracts as part of environment payments

Wetland management; fostering biodiversity in agricultural environments, landscape management

Objectives

- A better status of water bodies through wetland management
- Maintaining and promoting biodiversity and landscape values in agricultural environments

Target group

- Wetland contracts: registered associations, drainage management associations or farmers
- Biodiversity contracts: registered associations or farmers

Changes in programming period 2014–2020

- No links with Leader, an extended group of beneficiaries



Non-productive investments



Objectives

- A better status of water bodies through establishing wetlands
- Creating more habitat for declining species by restoring heritage biotopes and natural pastures

Target group

- Farmers, registered associations, drainage management associations

Changes in programming period 2014–2020

- Target group and range of eligible sites have been expanded, simplified cost procedures to be introduced
- Sub-measure 4.4 of the measure concerning "Investments in physical assets"





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Possibilities offered by Leader



Leader

Objectives

- enhancing and developing local communities and companies and increasing vitality in the area
 - improving quality of life
 - creating new jobs and companies
 - diversification of businesses and industries
 - special focus on arrangement of services
- Active creation of networks, exerting influence through networks
- Renewal oriented development that meets local needs
 - Participation and learning!
 - Particular focus on young people!



Leader

Sub-measures:

- Measures that support the implementation of local development strategies
- Preparation of cooperation projects
- Interregional cooperation projects
- International cooperation projects
- Operating and animation costs related to the local development strategy
- Public funding EUR 300 million (EU, state, municipalities)
- Municipalities highly supportive



Leader

- Maximum amount of public support EUR 180,000 (excluding operating grant)
- **New feature:** simplified cost procedures
- **New feature:** division of the operating grant into allocation towards operating costs and animation costs
- **New feature:** thematic projects only available for Leader groups
 - Leader groups bring small actors together under joint projects
 - Makes life easier for small actors
 - Supports a more strategic approach
 - Reduces the number of decisions that need to be made by the Leader group and in the ELY Centre
 - A thematic project may include a coordination component





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Cooperation and innovation partnerships



Cooperation and innovation partnerships

- A new measure to implement a **familiar operating model**
 - a development project for businesses and industries. Higher support levels for more company-driven projects
- Offers new tools for new projects:
 - cooperation within a chain or between entrepreneurs with no limitations on size
 - putting together new clusters (e.g. bioeconomy)
 - building regional brands and promoting sales
 - projects may seek to promote cooperation between entrepreneurs, better quality, or local food chains
 - new innovations may be piloted and demonstrated
 - international cooperation in the EU area may be developed
 - Potential partners include Horizon 2020 research projects
 - Large packages together with other measures and projects implemented by other Funds (including bioeconomy)



Innovation partnerships and cooperation

- Clearly targeted projects to develop businesses and industries
- *No planning of planning! Needs-driven! Research results that can be applied!*

PRIMARY
PRODUCTION

MICRO

SMALL

MEDIUM
SIZED

LARGE

New clusters and networks to spread information more efficiently

Piloting of new products, methods and technologies

Development of **bioeconomy** processes, products, methods and technology

Short supply chains, quality chains, local products, cooperation within chains

Innovative environmental projects and renewable energy

Rural wellbeing services that have links with farming

Shared work processes, resources and tourism sector marketing

Setting up of **producer groups** in various sectors of production

State aid rules in accordance with the R&D&I guidelines.

Euroopan maaseudun
kehittämisen maatalousrahasto:
Eurooppa investoi maaseutualueisiin.



International cooperation

- International cooperation may be incorporated as part of a project
- When essential for achieving project objectives
- Goal-oriented, concrete action
- For example companies, business and industrial development, agri-environment projects, nutrient recycling (e.g. the Baltic Sea)
- At least two actors in EU Member States (including Finland)
- Funding from different programmes and funding sources will be coordinated



Leader

- Cooperation in EU Member States between Leader groups and project implementers that receive their funding from the groups
- A non-EU partner must be an organisation similar to Leader
- Cooperation with Leader groups in cities



Clarification of concepts

INNOVATION "A new idea that has been successfully implemented in practice" or "a new or essentially improved product, process, service or invention of economic value".

CLUSTER A group of independent companies of various sizes and, for example, research organisations. Aims to encourage economic or innovative activity. Spreads information.

PILOT Tests the potential of a product or a process to succeed on full scale. Ensures usability, e.g. before actual production.

DEMONSTRATION A preparatory project that introduces a method, a technology or a model to potential users.

SHORT SUPPLY CHAIN Only one additional actor between the producer and the consumer.

LOCAL MARKET Finland: regional level or lower





Rural Development Programme 2014–2020

Business support



General facts about rural business support 1/2



- Based on Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development and the national Act on Rural Development Support (28/2014) that entered into force on 1 September 2014 = *Development Support Act*.
- A Government Decree to be issued under Act (28/2014) has been circulated for opinions. Additionally, selection criteria for rural business support have been prepared and discussed informally in the Monitoring Committee on 3 October 2014.
- New State aid rules entered into force as from 1 July 2014.



General facts about rural business support 2/2



- Applications for rural business support should be submitted to ELY Centres and through Leader groups. The division of labour between the ELY Centres and Leader groups must be observed.
- Support applications should mostly be completed in the electronic information system Hyrrä.
- Public support for rural business development that can be applied for through Leader groups complements the support granted through the ELY Centres.
- This involves discretionary support given as grants that are allocated in line with Rural Development Programme objectives and following a selection process. The aim is at improving the impact of the support.



Processing, marketing and development of agricultural products (investments)



To whom?

- **Micro and small enterprises** operating in **rural areas and cities** will be eligible for support when the final product of the supported activities is an agricultural product.
 - In addition, support may be granted to **agricultural enterprises**.
- When the final product of the supported activities is a **foodstuff** manufactured by processing an agricultural product further, **only micro and small enterprises** operating in **rural areas** will be eligible.
 - In addition, **agricultural businesses** operating in **rural areas and cities** will be eligible for support.



For what?

- Support may be granted for tangible and intangible investments, overheads or feasibility studies of a start-up or an established company.
- Support may not be granted for costs associated with a company's basic operations.
- Support levels will be determined by the size and location of the company. The support level will be 20-35% for micro and small enterprises, and 10-25% for medium enterprises . Cooperative investments will be eligible for a higher support level (micro enterprises).
- The maximum support level for a feasibility study will be 40% (agricultural products) and 50% (foodstuffs).
- State aid rules apply to investment support when the final product is not an agricultural product.
- In programming period 2014-2020, public funding available for food sector investments will be EUR 44 million.



Development of non-agricultural and non-food sector businesses (investments)



To whom?

- **Micro and small enterprises** operating in **rural areas** will be eligible. In addition, **agricultural businesses** operating in **rural areas and cities** will be eligible for support for the **diversification** of their operations.



For what?

- Support may be granted for tangible and intangible investments, overheads or feasibility studies of a start-up or an established company.
- Support may not be granted for costs associated with a company's basic operations.
- Support levels will be determined by the size and location of the company. The support level for micro and small enterprises will be 20-35%, and for renewable energy investments 20-30%.
- Feasibility studies will be eligible for a support level of 50%.
- The State aid rules will apply to investment support.
- The size category of a company will be determined in line with [Commission Recommendation concerning the definition of micro, small and medium-sized enterprises](#)
- In programming period 2014-2020, public funding available for investments will amount to EUR 215 million.





Start-up support for non-agricultural activities in rural areas

To whom?

- In rural areas, **start-ups** and established **micro and small enterprises and farms** will be eligible when the supported activities are new for the company.

For what?

- Support will be paid as a grant (not based on a rate) in no less than two instalments provided that the goals approved in the support decision have been reached.
- The maximum grant amount will be EUR 35,000. The maximum grant amount for experiments will be EUR 10,000. The maximum grant amount for a single company will be EUR 70,000.
- In programming period 2014-2020, public funding available for start-up grants will be EUR 42 million.



- Start-up support may primarily be granted for the establishment of the first company of a new entrepreneur.
 - Limited support for local service business
- In the case of an existing company, the activities for which support is allocated must be new for the company.
 - Investment support may be allocated for expanding and developing a company's existing activities
- In addition, support may be granted for experiments that facilitate the launching of business in the case of both start-ups and existing companies (new operations).
- The granting, monitoring, payment and control of the support will be based on a business plan. The beneficiaries will be expected to pay particular attention on implementing the stages and achieving the goals indicated in their business plans.

