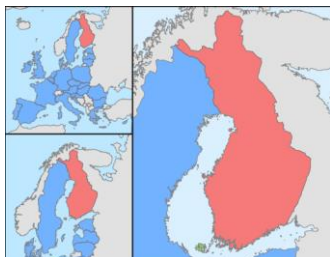


Case Study – FINLAND

Programming for the Green Economy

Introduction

Finland has a population of 5.4 million, of which 30% live in rural areas, and an area of 390 903 km², of which 86% is forest and only 7.6% is farmland – Finland has the most northerly agricultural land in the EU.



About 42% of all enterprises operating in Finland are located in rural areas, and in 2010 about 93% of enterprises were defined as 'micro sized', employing fewer than 10 people.

The forest sector is a major contributor to the rural economy and accounts for 20% of all Finland's exports. More than three-quarters of the home-grown wood processed by the forest industry comes from privately owned forests. Traditionally farms have also had forests, which provide important additional income often used to finance farm investments. Family farms, as well as other private forest owners, also make an important contribution to the Finnish economy through forest management, and forests are an important source of biomass for energy. It is expected that innovations in the bio economy field will boost sustainable development, employment and competitiveness in the rural areas.

Policy Framework and background

In April 2016 the Finnish National Commission on Sustainable Development published a strategic framework *The Finland We Want by 2050 – Society's Commitment to Sustainable Development* which identifies eight objectives for sustainable development:¹

1. Equal prospects for wellbeing
2. A participatory society for all
3. Work in a sustainable way
4. Sustainable society and local communities
5. A carbon-neutral society
6. A resource-wise economy
7. Lifestyles respectful of the carrying capacity of nature
8. Decision-making respectful of nature

Progress will be monitored and reviewed with the use of 39 national sustainable development indicators identified in 2014. The idea is that the indicators will be revised and updated as needed for the follow-up to Agenda 2030 and thus will also complement the global sustainable development indicators².

The Finland RDP 2014-20

Finland does not use forestry measures within its RDP. The objectives for the agriculture sector include diversification of agriculture-related businesses, promoting food chain organisation (including processing and marketing of agricultural products), and improving animal welfare. The RDP measure supporting farming in areas with natural constraints accounts for €3.7 billion or 45% of the RDP planned public expenditure, which will be topped up by additional national financing worth almost €2 billion. New types of enterprise will be promoted in sparsely populated areas and more local, neighbourhood-oriented action will be encouraged.

The agri-environment-climate measure is allocated 19% of the RDP planned public expenditure, with two main objectives:

- to maintain and develop valuable open, arable landscape and natural meadows and pastures, used for food production, renewable energy, or simply managed to maintain their open character;
- to reduce the harmful environmental impacts of agricultural activities on the soil, surface and ground water and air by promoting the use of environmentally-friendly practices.

¹ http://kestavakehitys.fi/documents/2167391/2186383/FINAL+Kestävän+kehityksen+yhteiskuntasuunnitus+20+4+2016_eng-GBs_Final+-+kielenhuolto_EN_rev+%282%29.pdf/e057e638-507e-464c-a3dd-d3f0826f8950

² <http://www.sd-network.eu/?k=country%20profiles&s=single%20country%20profile&country=Finland>

More than 81% of agricultural land is expected to come under management contracts to improve water management.

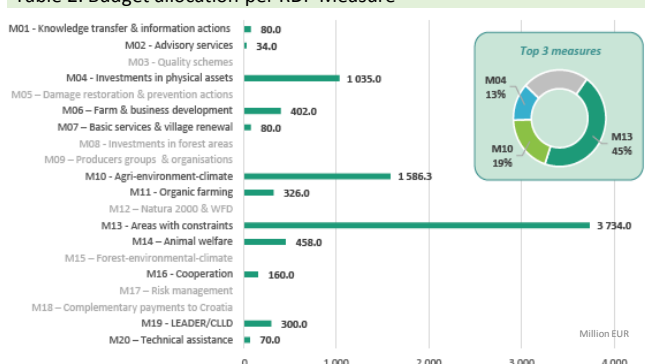
The RDP aims to raise awareness of environmental issues as well as energy and resource efficiency, and to increase the share of renewable energy, and to make more efficient and sustainable use of manure. The graphics illustrate the EU priorities, measures and budget allocations of the Finland RDP 2014-20.

Table 1: Budget allocation per RDP Priority

Priority	Total public expenditure per priority (million EUR)	% of total public expenditure*
P2 - Competitiveness	1 024.4	12.4 %
P3 - Food chain & risk management	559.0	6.8 %
P4 - Ecosystems management	5 699.5	69.0 %
P5 - Resource efficiency & climate	150.4	1.8 %
P6 - Social inclusion & local development	762.0	9.2 %

Source: RDP Summaries, ENRD, 2016

Table 2: Budget allocation per RDP Measure



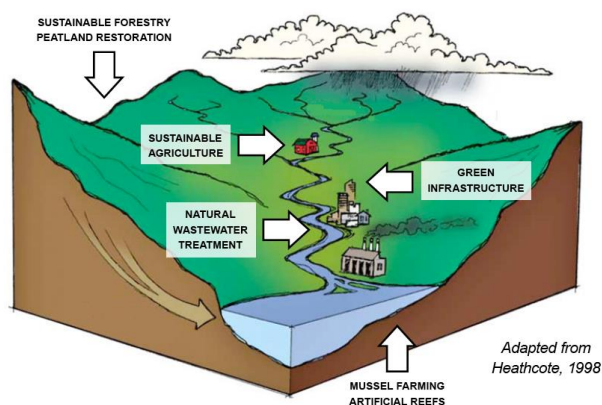
Source: RDP Summaries, ENRD, 2016

The potential for efficient use of natural resources to provide ecosystem services

A report published in 2015 by the Finnish Ministry of Environment highlights that ecosystem services are an integral part of several economic sectors relevant to green economy in Finland. These include the forest sector, water, tourism, agriculture and food, game and fisheries, and renewable energy. Ecosystem services are also perceived as an integral part of growing green economy sectors such as the textile industry, life and health style businesses, cosmetics and pharmaceuticals³.

The report points out that policy coherence is needed in order to provide consistent regulation and guidance, and that promoting the green economy requires extensive cooperation between different stakeholders and policy sectors. It goes on to recommend that systematic ecosystem services assessments should become an integral part of 'greener' decision and policy making within different economic sectors in the future.

Water quality is one example where a coherent cross-sectoral approach could provide economic benefits and improve ecosystem services. Pollution from agricultural fertilizer run-off and effluent from waste water treatment works is a significant problem in Finland, for both inland waters and the rivers draining into the Baltic. The diagram below illustrates how a coherent approach to sustainability across different economic sectors could improve water quality in Finland (the contribution of mussel farming to water quality is that mussels remove excess nitrogen and phosphates from the nutrient-rich water, and in doing so grow bigger).



Source: Jäppinen, J.-P. & Heliölä, J. (eds.), 2015.

Co-operating for Sustainable Management at a local level

Finnish agriculture is still based mainly on relatively small family farms, with an average size of 36 hectares. Productivity is limited by the natural constraints of a short growing season, long cold winters and poor soils, and average yields of arable farms are low by European standards.

Livestock have a limited pasturing season and the costs of winter housing are high with the need for heating and insulation, plus storage of winter feed.

Fragmentation of agricultural land parcels by the numerous lakes and forests causes extra costs and makes it difficult to increase farm size and profitability.

³ Jäppinen, J.-P. & Heliölä, J. (eds.) 2015: Towards a sustainable and genuinely green economy. The value and social significance of ecosystem services in Finland (TEEB for Finland). Synthesis and roadmap. The Finnish Environment 1en/2015. The Finnish Ministry of Environment, Helsinki. 144 p.
http://www.ieep.eu/assets/1670/Jappinen_Heliola_eds_2015_TEEB_Finland.pdf

Most family farms are already involved in forestry as well as farming, and diversified farming is becoming more popular. More than 30 per cent of farms have other gainful activities in addition to agriculture.

The green economy offers opportunities for farms to create new kinds of jobs and businesses in the rural areas. For example, supplying local customers with energy produced from wood-fuel, and providing tourism services in rural areas close to cities or ski resorts. Cooperation is traditionally strong in the rural areas of Finland and networks among local entrepreneurs can be of mutual benefit to different businesses, for example between a food producer and a tourism provider.

The diagram below illustrates how different types of rural businesses and services might interact in a thriving rural areas, but it shows also the difficulties posed by fragmented land parcels and ownerships (the white lines).

Key Points

- ✓ The natural constraints of climate and soils in the far north of Europe shape the rural economy of Finland, in which forestry plays a major part. Most rural businesses are small, employing less than 10 people.

- ✓ Agricultural land accounts for only 7.6% of the territory and is almost entirely under arable crops, with livestock housed for much of the year. Family farms typically have both agricultural land and forest, and 30% have other sources of income too.
- ✓ Nearly half the RDP budget (plus additional national financing) is used to support farming in areas affected by natural constraints; other RDP measures are targeted at local action in sparsely populated rural areas.
- ✓ Finland has a vision of how its society will be fully committed to sustainable development by 2050, and progress towards achieving the eight sustainable development objectives will be measured regularly.
- ✓ There are opportunities to move towards a sustainable green economy through coherent, cross-sectoral policies for the improvement of ecosystem services, for example in water quality
- ✓ Cooperation is a long-standing tradition in rural areas and there are opportunities for new links between different types of rural businesses within a locality, but also considerable challenges, not least that of fragmented farm holdings and land ownership.

Challenges when many landowners and stakeholders:
Tools and carrots needed for cooperation!

