

Monograph FI: POMO and POMO+¹

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0. Introduction

This paper outlines the results of the monographic case study on Finnish POMO (1997-1999) and POMO+ (2001-2006) programmes as per the TOR and the recommended reporting format. The study is informed by key informant interviews, POMO programming documents and other secondary data, as well as the researchers observations and considerations based on earlier experience.

1. General description of the POMO programme

Finnish abbreviation 'POMO' stands for Rural Programme Based on Local Initiative. The first phase of POMO (1997-1999) was introduced on 12.3.1997 as the national extension of the LEADER method following the introduction of LEADER II in Finland as from 1995. Like LEADER II evolved into LEADER+ for the new programming period 2001-2006, POMO became POMO+ respectively, although it was not originally envisaged that there would be a national follow-up to the initial POMO programme.

Both POMO and POMO+ would have an integrated, multi-sectoral nature to finance a wide range of measures and activities as per the development plans of the respective LAGs. However, POMO (1997-1999) did not allow funding for individual business enterprises while there is no such limitation in POMO+. Yet, following from national regulation adhering to established division of labour between the different Ministries, POMO+ (receiving its funds through the Ministry of Agriculture) can fund only farm related micro businesses. On the whole, most POMO LAGs have opted to operate mainly through collective projects and indirect business development by building capacities and improving the operating environment.

The POMO+ Programme¹ dated 5 September 2001 makes explicit reference to Finnish LEADER+ Programme in all central aspects, including development themes and composition of the LAGs decision making boards (required tripartite structure in that the individual local residents, the local municipal government representatives and the local associations of enterprises each having 1/3 of the board seats). The state financing source for both POMO and POMO+ has been, for the most part, the Development Fund of Agriculture and Forestry (MAKERA). **Table 1** illustrates the funding volume for POMO and POMO+ programmes.

Table 1. Financing of POMO and POMO+ Programmes in Finland (mill. euro)

Programme and number of LAGs	State financing	Municipal financing	Private financing (estimate)	State financing per LAG per annum (approximate)
POMO (1997-99) 26 LAGs	17,7	4,3	9,25	0,23
POMO+ (2001-2006) 7 LAGs	15	3,79	7,07	0,36

The 26 LAGs of POMO (1997-99) would cover about one third of the Finnish rural surface area and benefit a population of about 922 000 people. In POMO+ the seven POMO LAGs benefit a population of approximately 380 000 people.

While POMO and POMO+ are by and large comparable to LEADER II and LEADER+ respectively, there was a noteworthy difference in the implementation model between POMO and that of LEADER II in 1997-1999. While the Ministry of Agriculture and Forestry was the supreme managing authority for both programmes, the payment procedure differed between the two programmes. In LEADER II the Rural Departments of the Employment and Economic Development Centers channelled the EU and state funds to the individual projects selected by LEADER LAGs, but in POMO the payments were effected by the LAGs offices from the annual allowance advanced to them by the Ministry. It has been generally viewed that the implementation model of POMO was simpler than that of LEADER II in Finland. It followed closely a Global Grant approach and gave effectively greater autonomy to the LAGs. Yet, the available annual allocations for POMO were small making barely half of the annual allocations of LEADER LAGs.

From the start of the new programming period (2001-2006) both LEADER+ and POMO+ LAGs, are managed along the same lines: the Ministry of Agriculture and Forestry as the managing authority and the Rural Departments of the Employment and Economic Development Centers as paying authorities in relation to individual projects. Yet, the LAGs would in any case manage their own programme and select the individual projects to be funded in accordance to their development plan prioritisation.

2. Starting conditions and initiation

The prime actor in introduction of the national POMO programme was the **National Rural Policy Committee** (YTR), along with the Ministry of Agriculture and Forestry as the institutional affiliation of the Secretary General of the Committee. It is noteworthy from the policy point of view that Finland has a tradition of national rural policy coordinated by the Rural Policy Committee and this is communicated in periodic Rural Policy Programmes since the 1980's (Presently Countryside for the People – Rural Policy Programme for 2001-2004).²

The Rural Policy Committee as a cross-sectoral policy and expert organ was able to launch the idea of extending the LEADER mode of action based on LAGs, i.e. the LEADER method, as early as in 1995. The Secretary General of the Committee, as well a group of committed civil servants operating under its thematic working groups for LEADER II (since 1995) and POMO (since 1997) have had a pivotal role in turning the early ideas into reality. The concept of mainstreaming was not used in the beginning, but as early as in 1995 the National Rural Policy Programme "Active Countryside"³ first documented the idea of extending the LEADER method beyond the mere LEADER II programme.

The second important and equally critical condition at the outset was the interest and effective response of local people growing from well rooted and functional **civil society**. First LEADER II, and subsequently POMO, could take root quickly owing to existing actors, particularly a live network of almost 4000 village committees across the country, and a large number of other associations, most with the live tradition of voluntary work for common good.⁴

In addition, strong local governments (at municipal level) took part in the LAGs both through providing local co-funding and by participating in the LAGs decision making at their boards. Overall, although the local governments were not the driving force behind the introduction of POMO (and subsequent mainstreaming) their participation in LAGs at an equal footing from the outset has been an important, contributing element. Local governments provided an important source of local funding from the beginning. This early evidence of local commitment had an important leverage effect when negotiating the required central government funds.

In the beginning LEADER II offered a new model for organising rural development at sub-regional level in Finland. As early as in 1995 the national Rural Policy Committee considered that the model based on autonomous LAGs operating at sub-regional level might well be worth replicating beyond the scope of LEADER II programme.

The subsequent formulation of national POMO (1997-99) programme was substantively informed by LEADER II and the initial LAGs applications (development plans) submitted to the Ministry of Agriculture and Forestry for LEADER II programme. The main mechanism for translating the national POMO programme into action was the formally advertised application round for potential POMO LAGs in the spring of 1997. A great majority of the applicants (67 in total) had already been mobilised for LEADER II, for which only 22 groups could eventually be selected. POMO implied a second chance for those not successful in the call for LEADER II.

The call for POMO applications in spring 1997 was preceded and paralleled by information dissemination and training organised by few responsible civil servants from the Ministry of Agriculture and Forestry, and from the Ministry of Interior Affairs operating under the Rural Policy Committee, in collaboration with the regional authorities. The key characteristics of the POMO programme and the eligibility criteria for LAGs were drawn from LEADER II, resulting eventually in a network of 48 'LEADER like' LAGs (22 under LEADER and 26 under POMO). Major differences were only in the management and financing model that was discussed in chapter 1.

3. Evolution of LEADER mainstreaming through POMO Programme

Figure 1 illustrates the **milestones of the evolution of the POMO programme** in the context of factors contributing to mainstreaming from 1995 until today. The central axis represents the historical stages of the programme starting from the inspiration sparked by the introduction of LEADER II in 1995. Upper part boxes illustrate the stages of the National Rural Policy programming as major influences from "top down". The support and initiatives from "bottom up" are presented in the lower part of the picture and discussed in the following paragraphs.

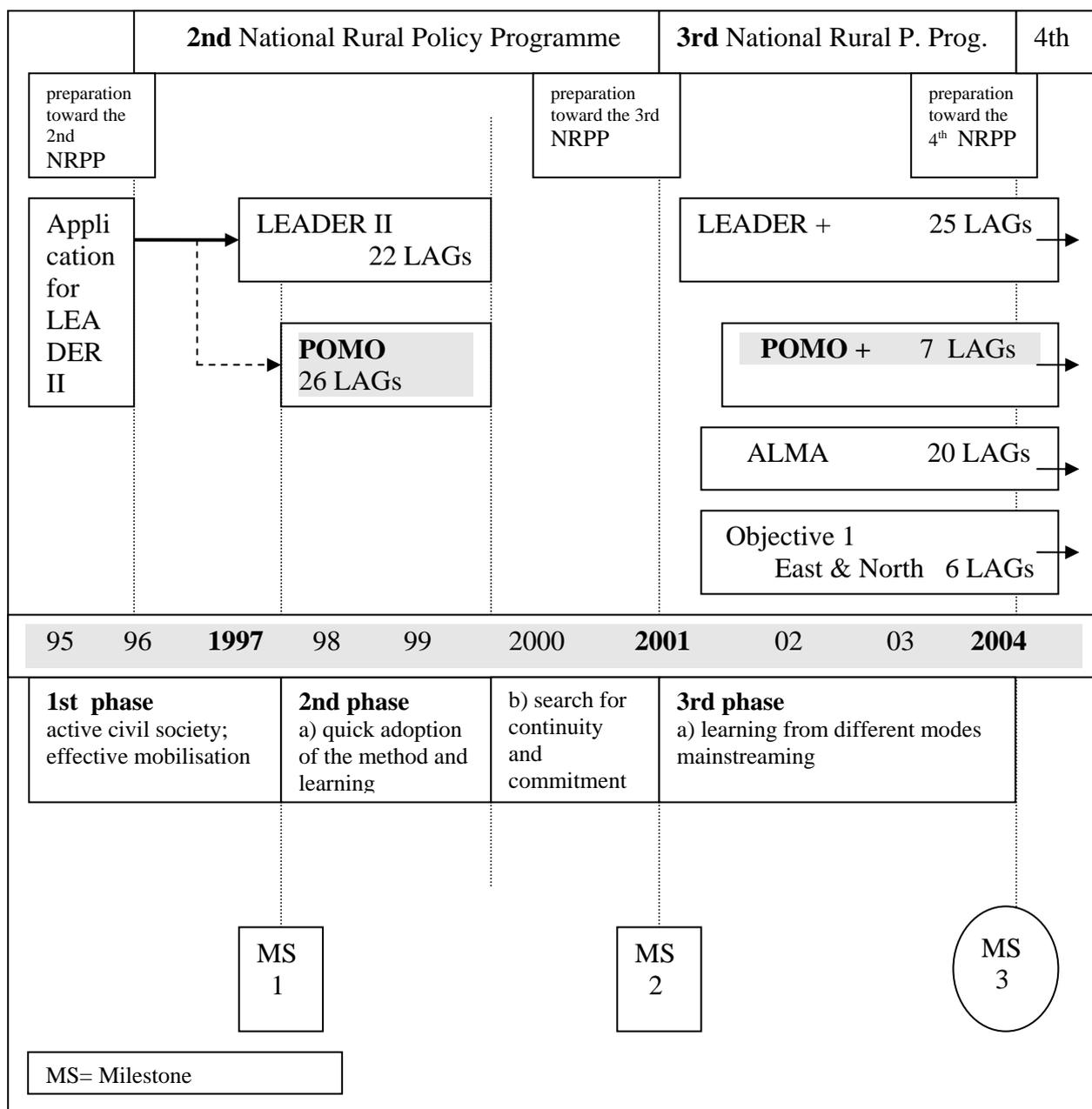


Figure 1: LEADER mainstreaming processes in Finland

It is viewed that the evolution of POMO has had **two important milestones** so far. The **first milestone** was its introduction as a nationally funded “LEADER like” programme in 1997 and signature of programme agreements between 26 nationally funded LAGs and the Ministry of Agriculture and Forestry on 5 December 1997.

Launching of POMO was preceded by a sizeable preparation process in terms of pursuing the financial resources and implementation arrangements, along with a parallel capacity building process of the newly established LAGs. In this event the major contributing factor from bottom up was the **active civil society** that responded to the first application for LEADER II with 67 proposals, two thirds

of which were adhering to the required idea of LAGs but only 22 could eventually be accommodated by Finland's LEADER II Programme. Hence, the application round for prospective LAGs for LEADER II left behind an effective demand for a wider intervention than LEADER II itself was. Subsequent POMO could cater for state funding for an additional 26 LAGs bringing the total number of LAGs in 1997-1999 up to 48.

Viewed from the top (central government level), a major influencing and enabling factor contributing to birth of POMO, and subsequent wider scale mainstreaming of the LEADER method, has been national rural policy coordinated by the Rural Policy Committee, and documented in periodic National Rural Policy Programmes.

A statement included in the Active Countryside – National Rural Policy – programme for 1996-2000, suggesting *the extension of that time newly introduced LEADER mode of action to the whole country*, proved critical in early mainstreaming through POMO. Later, the statement was followed by new versions in the relevant programmes and policy papers giving further support to pursuing the objective of extending LEADER method to the whole of rural Finland.

The phase (2) between the first and the second milestones of mainstreaming through POMO in Finland was critical in gaining legitimacy to the LEADER method. It was crucial that the LAGs operating under POMO and LEADER II alike were built from bottom up and could quickly demonstrate both broad partnerships and transparency in decision making, as well as early results particularly in terms of mobilisation and capacity building. This legitimised the continued efforts of the Rural Policy Committee to look for ways to continue the work of LAGs beyond 1999, although there was no security of other financial means than that time forthcoming LEADER+ programme. Despite good response by the civil society and emerging impacts of POMO, there was no political commitment to its continuation beyond 1999 as a separate programme. There were also critics within the central administration itself due to the "radical" nature of POMO.

On 2 June 1999 the Ministry of Agriculture and Forestry established a working group with a task to prepare the implementation regulations for forthcoming LEADER+ and other LAGs in view of the planned future mainstreaming of the LEADER method. The working group issued on 1 November 1999 a report ⁵ highlighting e.g. the following aspects:

- all LAGs should be guided by **similar implementation model** independently of their primary source of funding
- regional authorities (especially employment and economic development centers) should assume the key role in administration of funds
- all LAGs should be supported by a single National Networking Unit

In year 1999 the concept of mainstreaming was used for the first time in Finland following the workshop organised by the European network unit (AEIDL) in Valencia (Spain) addressing mainstreaming.⁶ In connection to the preparation of the third National Rural Policy Programme⁷ it was *restated that the LAGs work be continued and the method be extended to cover the whole of rural Finland.*

To help internalise the idea of mainstreaming of the LEADER method, the Secretary General of the Rural Policy Committee negotiated in person in different regions of the country to look for ways to fund the LAGs that were not likely to be included in LEADER+ (the selection was that time under

preparation) through other Structural Funds Programmes, i.e. through Regional Rural Development Programme (ALMA) and Objective 1 programmes for Eastern and Northern Finland.

The second milestone of mainstreaming was mainstreaming of LAGs into the Structural Funds programmes and launch of POMO+ as a complementary national programme to LEADER+. POMO+ allowed funding for seven LAGs bringing the total number of LAGs in the period 2001-2006 up to 58. POMO+ eventually bridged the gap so that the 58 LAGs together cover practically all rural Finland while there are no overlapping LAGs. All LAGs in the new programming period adhere to the LEADER features independent of their principal source of funding.

On the whole all LAGs are currently operating and making good progress in terms of volume of activities. Difficulties met relate particularly to extended bureaucratic burden experienced both at the levels of LAG staff and individual projects, contributing in some cases to project tiredness. Despite networking and services of the national network for all LAGs there seems to be yet a lot of unrealised potential in transfer of innovation and mutual learning between the LAGs and individual projects both at national and at trans-national levels.

The third milestone to come in the overall evolution of the LEADER method in Finland can be viewed in the context of the fourth National Rural Policy Programme (2004-2007) for which the preparations are under way. The line the Programme will take with regard to LAGs in Finnish rural policy in the course of year 2004 is likely to be a strong pointer for the future of LAGs in Finland altogether.

4. Mainstreamed LEADER features in POMO and POMO+

The original POMO –programme (1997-99) acknowledged, for the most part, the specificities of LEADER II as discussed in *table 2, p.9*). However, funding for POMO LAGs was considerably less per LAG than in LEADER II and there was no specific provision for trans-national cooperation. The implementation model also differed between the two programmes in that POMO programme granted greater degree of autonomy and direct responsibility over the funds to its LAGs than Finnish LEADER II programme did.

In POMO+ the differences have been harmonised along the lines of LEADER+ Effectively all present 58 LAGs in Finland follow the approach and implementation model of LEADER+. In terms of decentralised management and financing this implied less legal responsibility to the LAGs but also cumbersome duplication in administrative processes with the employment and economic development centers, with consequent time delays.

Table 2. LEADER features in Finnish POMO and POMO+ programmes.

Specific feature	Remark	Contributing or hindering factor
Area based approach	Adopted from the outset of POMO	Feature set as a requirement in the original guidelines for application for LEADER II, carried forward to POMO and POMO+
Bottom-up approach	Adopted from the outset of POMO	as above
Local partnership	Adopted from the outset of POMO	as above
Innovation	Set as a desirable characteristic from the outset but not monitored strictly	Different interpretations over what innovation is makes the feature woolly; compromises on the innovation requirement in LAGs on the argument that true bottom-up is more important than innovation
Multi-sectoral integration	Adopted from the outset of POMO	POMO did not allow funding for any individual businesses (only community based projects); POMO+ does not allow funding for other than farm related businesses
Trans-national cooperation	Not included in POMO, Adopted in POMO+	Small financial framework for original POMO groups hindered adoption of the feature
Networking	Adopted from the outset of POMO. Widened in POMO+	Original LEADER network unit served only LEADER LAGs, but a separate network service was provided for POMO groups by Finnish Village Action Association (1997-99). From 2001 a single LAG Network Unit of Finland run by the Village Action Association is serving all the Finnish LAGs.
Decentralised management and financing	Decentralised managing and financing adopted in POMO (1997-99); POMO+ marked a move toward a harmonised implementation model for all LAGs based on a two –tier model first adopted for LEADER II.	The initial implementation model of POMO (1997-99) was viewed as too radical by the central administration legal experts. The model was also not unanimously supported by all POMO LAGs due to its heavy legal implications for the LAG boards.
Specific EU requirements for LEADER+	Adopted equally in both LEADER+ and POMO+ in Finland	Tripartite composition of LAG boards a compulsory requirement for all LAGs; thematic approach applied, but considered in practise somewhat less strict; qualitative monitoring and (self) evaluation in progress.

5. Synergies between the POMO programme and other programmes

POMO+ and LEADER+ share the same overall objective of testing out new ideas in rural development. According to the POMO+ programme 2001-2006 this may include the development of new products, services and production methods or new kind of cooperation in development measures.

There appears to be a fair deal of synergies between the mainstream Structural Funds programmes and the different LAGs operating under them. Effectively, LAGs appear to reach and backstop the grassroots level initiatives more efficiently than the mainstream programmes. POMO complements other programmes in its operational areas by mobilising local people and resources for rural development. Ideas that it tested out in POMO and that prove most feasible can later be continued or

replicated with other financing sources. Its mobilisation and capacity building efforts also refer projects directly to the mainstream Structural Funds programmes.

Provision of networking services have been harmonised for all LAGs. National networking unit serves equally all 58 LAGs independently of their primary funding source. Broad based networking provides a major potential for mutual learning and replication of good practises for further realisation both at the level of LAGs and of individual projects, both within Finland and trans-nationally.

6. Observed and expected outcomes in respect to behavioural changes and added value of POMO and POMO+

From the outset, the formulation of area-based POMO strategies and development plans brought together a large number of people and sparked people's participation in development processes. Popular participation in POMO, like in LEADER, has been observed to be proportionally greater than in other programmes both in terms volumes and reach. For example, there have been proportionally more women and young active in LAGs and LAG funded operations than in the mainstream Structural Funds programmes.

Participation has had an empowering effect through nurturing people's belief in their capacity to affect their own future. The programme has also had several learning effects for local actors, particularly in areas of project cycle management.

LAG partnerships have marked a birth of completely new actors in Finnish rural development. LAGs have gradually established their role as complementary and useful actors close to the grass-roots and ordinary rural people. LAGs have offered channels for participation in planning and decision making over local development for a wider range of parties than the traditional channels of decision making.

Effectively, the role of POMO as well as other LAGs has been gradually expanding. The LAG staff and board members are being invited to various events and platforms for development beyond their established role as single programme managers.

POMO LAGs have contributed to job and enterprise creation both directly and indirectly. Due to funding restrictions with regard to business aid (in POMO not allowed at all, and in POMO+ limited to farm-related businesses) economic development has been promoted primarily in indirect ways through capacity building and improving the living and operational environment.

It is noteworthy that a core requirement for a POMO project is always people's own financial commitment (monetary and/or in-kind) that is being supported by public inputs. Hence, the programme has had a leverage effect in mobilising private funding.

The qualitative objectives of POMO programme (1997-1999) were to increase collaboration and networking. In terms of quantified objectives, the programme was to:

- create or safeguard 800-850 jobs
- contribute to creation of 200-225 micro enterprises

It has been concluded in studies⁸ regarding POMO programme (1997-99) that POMO contributed to new job creation as aimed to, generated new tourism services and products, increased collaboration, general activeness and belief in own skills. It is also noteworthy that POMO LAGs have been reported

to refer projects to other programmes to the tune of 8 million euros, thus demonstrating their strategic leverage effect in practise.

An important element of POMO, like that of LEADER, has been networking and collaboration. POMO has nourished collaboration between new partners and across sectors particularly within individual POMO areas. There is yet a scope for wider collaboration across rural territories within Finland and at trans-national level. It has been pointed out by the programme managers that increasing collaboration and networking also concern administration across different sectors and vertical levels.

In terms of community objectives (agricultural adjustment and diversification, employment, income, environment, equal opportunities) POMO has proved most effective in sparking diversification particularly in the area of rural tourism. In addition, a good deal of POMO projects have always involved amelioration of physical environment and thus contributing to its attractiveness to residents and tourists alike. POMO, like LEADER, has particularly attracted and further encouraged women's participation both at LAG and at the level of individual projects.

POMO is informed by development needs identified at local level. POMO LAGs implement their activities based on their own development plans and annual financial frameworks. The implementation model according to which the management boards of the LAGs are responsible for the actual selection of individual projects promotes local relevance. POMO and other LAGs are tangible and visible at the local levels and promote for their part the image and legitimacy of the European Union. However, the administrative procedures of POMO as well as other LAG projects are considered increasingly burdensome and this risks to dent the image and slow down the enthusiasm and good momentum in implementation.

7. Success factors for mainstreaming

It is broadly shared among the key informants and researchers alike that the established network of committed actors at all levels of rural development work has constituted a major internal success factor for mainstreaming.

On one hand, mainstreaming of the LEADER method through POMO and other means would not have been possible without the Rural Policy Committee coordinating the rural policy programmes as its main policy tools, and determined key civil servants at the level of central administration.

On the other hand, all the efforts of the central actors would have been void, had the civil society and the grassroots actors not been active and responsive to the new policy instrument first introduced through LEADER. It was a question of communicative interaction between administration and the civil society. All in all, the initial expectation that particularly the bottom-up approach of the LEADER method would fit well in Finnish perception of active citizenship, has proved correct.

8. Recommendations

On the whole, the Finnish case on POMO and other means of mainstreaming have demonstrated that the LEADER method can be mainstreamed as a whole inclusive of all its specific features.

All of the specific features (area based approach, bottom-up approach, local partnership, innovation, multi-sectoral integration, transnational co-operation, networking and decentralised management and financing) **remain relevant as objectives to strive for**. Yet the mode of operationalisation of each specificity and related success factors appear to be very context specific.

This study suggests that there are two critical areas in adapting and moving the LEADER method to a higher plane.

A. Ensuring empowered LAGs

The Finnish case suggests that the most challenging aspect of the LEADER method, and the most critical feature in relation to all the rest, is that **LAGs remain autonomous and empowered**.

According to Eero Uusitalo⁹ the preconditions for powerful LAGs are:

- LAG is a mixed group
- LAG has real power with own global grant money
- LAG has its own development plan/programme
- LAG funds a wide range of projects
- There are specific quotas for different partners at the board of the LAG
- there is goodwill of regional and national authorities
- there are good results on the basis of living civil society

B. Downsizing bureaucracy, upgrading learning

In the light of the several studies conducted on POMO and other LAGs in Finland, **exaggerated bureaucracy** is a major discouraging factor counteracting local initiative. For this reason every mean to control administrative burden at all levels should be actively pursued.

It has also been observed that despite well started networking there is yet a lot of unrealised potential in transfer of good practices and innovation in both national and trans-national contexts. Hence, *more attention should be drawn directly to **learning** which could well be considered as one of the key features of the LEADER method.*

9. Comment and personal impression of the survey process

Like in the case of mainstreaming survey, the idea of a case study on POMO and POMO+ was well received by the key informants in the Ministry of Agriculture and Forestry. Ms Laukkanen, apart from her present role as a civil servant, has also previous experience working in a LAG and from studying POMO (1997-1999) as a topic for Master's thesis. Mr Niemi has also headed the Village Action Association of Finland and has been substantially involved in networking of POMO LAGs.

10. Table of interviews

Name of interviewee	Function	Date of interview
1. Mr Eero Uusitalo	Counsellor for Rural Development in MAFF (also serves as Secretary General in Rural Policy Committee and Chairperson of the Village Action Association of Finland)	4.12.2003
2. Ms Salla Laukkanen	Coordinator	4.12.2003
3. Ms Sanna Sihvola	Senior Adviser	5.12.2003
4. Risto-Matti Niemi	POMO programme manager	18.12.2003

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⁹ Trust in local people. New relationship between NGOs and GOs. A presentation in the European Conference on Rural Development. 12-14 November 2003, Salzburg, Austria

