



## Example of a regional approach: combining structural funds to develop rural bioeconomy in South Savo region, Finland<sup>1</sup>

The South Savo region in Finland supports bioeconomy development through a coordinated and complementary use of various European funding programmes, including the European Agricultural Fund for Rural Development.

### Context: strategy and tools

Finland has a national bioeconomy strategy since 2014, and the bioeconomy is a priority for the development strategies at the province level. This concerns also South Savo, where the strategy focuses on forests, water and food. In this region, bioeconomy development is supported through a coordinated and complementary use of the Rural Development Programme (RDP) - funded by the European Agricultural Fund for Rural Development (EAFRD) – and European structural and investment funds for 2014-2020, including the European Regional Development Fund (ERDF), the European Social Fund (ESF), the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF).

### Synergies in regional priorities

The South Savo Strategy for Rural Development refers to the ERDF, ESF and EMFF as complementary funding sources and the regional priorities of the programmes financed by these funds are aligned. The Rural Development strategy<sup>2</sup> has links to the ERDF investment priorities in the region regarding improving access to ICT, improving competitiveness of rural SMEs, protecting the environment and improving the efficiency of the use of natural resources. ERDF's priority to promote employment and labour mobility is also a key objective of the ESF, and the Rural Development strategy contributes to this objective, in several ways, in particular concerning youth employment. In addition, the ESF's objectives related to education, lifelong learning and social inclusion are also in line with the spirit of the Rural Development strategy.



### Regional coordination

At the regional level, the coordination of the programmes implemented thanks to the different EU structural funds is ensured by a coordination group, which is responsible for coordinating the development activities of the province. The group includes the South Savo ELY Centre, the regional agency in charge of most decisions related

<sup>1</sup> Based on contributions of Ossi Tuuliainen, Leading Expert, South Savo ELY Centre

<sup>2</sup> [Plan for Rural Development in South Savo, Strategy for the programming period 2014-20](#), South Savo ELY Centre



to the use of the different funds (RDP, ESF, ERDF, EMFF, and several national subsidies), as well as the Regional Council, another instance with decision-making powers regarding part of ERDF funding.

In practice, the complementary use of the funds is ensured through direct collaboration between the persons managing the allocations of project and investment support, and through joint meetings on the funding decisions. The ELY Centre takes directly decisions on the RDP investment and development support and provides summaries of funding decisions to the province level coordination group. Development projects related to the other structural funds are handled at the province level, while larger projects are jointly discussed in the coordination group. This coordination ensures that all the institutions in the group are informed about all approved EU structural funding in the region.

### Combined funding for the bioeconomy

For the applicant - such as a rural entrepreneur or consortium of actors - the ELY Centre is the one-stop shop to present any kind of development or investment project on rural bioeconomy. ELY Centre advisors then guide the applicants towards the right funding programme. Whereas RDP support is used by rural SMEs to acquire new technology, processes and equipment, often the ERDF is used for a feasibility study or to invest in the product development. ERDF support is also used when the supported activity or target of the investment does not match with the eligibility criteria of the RDP.

**Example:** Biohauki Ltd is a local company in the rural municipality of Haukivuori, Finland, producing biofuel for transport and organic fertilisers. It was founded jointly by 13 farmers and the municipal energy producer. The company acquired national energy support for its investment in a biogas plant. RDP investment support was not an option, given that it could only be used to support biogas production aimed at agricultural use. The initiative has benefited of complementary RDP (EAFRD) support through the collaborating farmers who have made related agricultural investments in renewable energy at the farm level and in livestock farming.

### Perceived barriers to the combined use of funds

Combining the different funding instruments for rural bioeconomy could be made even smoother by better harmonising the various provisions of the funds, as well as their information systems and procedures. The application rules and possible funding volumes vary according to the type of applicant; in the case of the RDP, farms and non-agricultural enterprises are in different position concerning for example support to renewable energy. The level of eligible costs and investments also vary across different funds. State aid rules are perceived to be a big constraining factor.

Despite the efforts to streamline the support to beneficiaries, the diversity of measures and rules of the instruments makes the communication and information to rural entrepreneurs and potential applicants challenging. A unique application system common to all structural funds would facilitate the outreach to beneficiaries.

Another challenge lies in monitoring the impacts of synergies among instruments for rural bioeconomy in the region. The indicators collected in the RDP are based on the programming document and on national indicators, so they can hardly be adapted to the regional level and do not necessarily reflect the reality on the ground.

## Selected examples of rural bioeconomy investments using ESIFs in South Savo

(source: South Savo ELY Centre)

Enterprise/ applicant	Supported activity	Fund and measure	Objective of each subsidy
Noireco Ltd	Biochar production	ERDF RDP M6.4	Planning Investment – creation of 18 new jobs, tripling sales
Biohauki Ltd	Biogas plant investment	National energy support	Nutrient recycling, Reducing greenhouse gas and ammonium emissions
Individual farmers involved in Biohauki Ltd	Agricultural investments	RDP M4.1	Competitiveness, environmental benefits
Tertti Manour	Forest tourism	ERDF	Sustainable business model
	Investments in bakery, terrace, garden, kitchen	RDP 2007-13 business start-up and development	Business development for farm hotel activities
T&T Food Ltd	Investment in machines	ERDF	Rationalisation of production
	Production planning and investment in crêpes machines	RDP M6.2, M4.2	Doubling sales
Partaharju Puutarha Ltd	Investment in lumber dryer	ERDF	Developing saw timber process
	Investment in heat energy pipes and greenhouse	RDP M4.1	Developing greenhouse production
Miksei Ltd – a non- profit development company owned by the City of Mikkel	Grüne Woche Saimaa – development project	ERDF	Internationalising local agri-food sector, targeting global food markets
Individual rural enterprises linked to Miksei Ltd	Investments in product development	RDP M 4.2, M6.2	Developing rural value chains, product development