

Local and Regional Governance in Finland A Study on Institutionalisation, Transformation and Europeanization

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ABSTRACT

Europeanization has become a popular concept among scholars of European studies. It orchestrates concepts from European integration theory, comparative politics and public policy analysis and links the field of European studies with other academic fields. Empirically, it is used for studying the impact of membership in the European Union (EU) on domestic policy making. As far as the country and region this article deals with, namely Finland and the Nordic countries, are concerned, only a few studies have been produced.

Institutionally, Finland does not yet have an independent administrative meso-level and the central state controls agencies and institutions at the regional level, such as the Employment and Economic Development Centres and the State Provincial Offices. The Regional Councils – some scholars see them as coming closest to being “real regions” – were created after Finland joined the EU in 1995 and have been empowered thereafter but, according to some practitioners, sometimes fail to act as coordinators of different actors in the regions.

In implementing public policies, the status of actors in regional governance depends on the willingness of the central state to loosen its grip but also on the willingness of regional actors to cooperate with each other. There are differences in terms of power potentials in regional governance. As concerns the implementation of ERDF-funds, in the view of some scholars and practitioners, the central state by no means easily vacates its powerful position. A contrast is rural policy and LEADER+, where the so-called local action groups can act fairly well outside the shadow of the hierarchy.

Introduction

Europeanization has become a popular concept among scholars of European studies. As a theoretical concept, it orchestrates concepts from European integration theory, comparative politics and public policy analysis. It also links the field of European studies with other academic fields. As an empirical approach, it is used for studying the impact of membership in the European Union (EU) on domestic policy making.

The growing popularity of studying aspects of Europeanization is reflected in an expanding body of publications. However, as far as the country and region this article deals with, namely Finland and the Nordic countries, are concerned, only a few studies have been produced. This article attempts, in a small way, to correct this shortcoming and will shed some light on how, after Finland joined the EU in 1995, regional and local governance have been constructed, institutionalised and transformed. It will take a look at the transformation of regional governance, regional development policies as well as rural development policies.

This article will begin with theoretical reflections on Europeanization and related approaches. In the second section, institutional transformations and reforms of public administration at the regional level will be highlighted. In my view, the construction of administrative units at the regional level teaches us interesting lessons about the Europeanization of administrative practices in the Nordic countries. In section three, I will look at the implementation of two related EU public policies. I will contrast EU Regional Policy and the Community Initiative LEADER+,¹ which aimed at fostering economic development in Europe's countryside. I will discuss issues of institutionalisation and sub-national power.

The Finnish approach to implementing LEADER+ and national rural development programmes via tripartite governance units was an outstanding realisation of both the partnership principle and the bottom-up approach in implementing EU public policies. Tripartite arrangements are very suitable for solving local policy problems and achieve greater acceptance by the local community. I will not only demonstrate how new governance structures and forms of public-private partnerships, such as the principle of tripartition, facilitate the successful implementation of EU public policies but also how the so-called "LEADER" approach has been mainstreamed to serve as the underlying principle of national programmes of rural development. The "Finnish way" of including local residents and local businesses in implementing rural development policies – in spite of some problems and shortcomings – is outstanding and could serve as a role-model for other EU states as well. In contrast to other EU member states, a more holistic bottom-up approach to these particular policy problems has been applied in Finland. Nonetheless, one should not neglect the powerful position of the central state, be it in the bargaining process for the budget or in designing the overall policy structure. The implementation of the European Regional Development Fund (ERDF) uses similar mechanisms. Despite its success in implementing the fund in this particular way, promoting or uploading this better practice to the EU proved to be rather difficult for Finnish governmental elites.

¹ LEADER stands for "*Liaison Entre Actions de Développement de l'Économie Rurale*", which means "Links between development actions and the rural economy." LEADER+ was a Community initiative financed by the Guidance Section of the European Agricultural Guidance and Guarantee Fund (EAGGF), one of the EU's structural funds.

Theoretical Approaches in Studying the Europeanization of Regional and Rural Development Policies

The British political scientist Stephen George defined Europeanization as “the impact on domestic politics and policy-making of membership of the European Union” (George 2001, 1). Radaelli, one of the leading scholars in the field of Europeanization, perceives Europeanization “as a problem not a solution” (Radaelli 2004, 1). Although there are three main, differentiated but at the same time inter-linked aspects of Europeanization that scholars are interested in – governance, institutionalisation and discourse – they have one “element” in common, “the emphasis on domestic change.” (Radaelli 2004, 8) I approach the problem of Europeanization by theoretically and methodologically comparing Europeanization with European integration theory.

I suggest an approach that “learns” by taking concepts from related approaches, such as multi-level governance and structural constructivism, into consideration. This makes much sense since all three approaches – Europeanization, multi-level governance and structural constructivism – are interested in the consequences and impacts the process of integration has on “the domestic”, “the sub-national” and “the local”. Looking at the ontology and epistemology of approaches towards Europeanization, their advantage is, according to Radaelli, that they are “orchestrating existing concepts and theories, with major theoretical import from comparative politics and theoretical policy analysis.” (Featherstone and Radaelli 2003, 340).

Whilst in European integration theory, multi-level governance was the first approach to focus on sub-national actors in policy-making *processes* and on the *interaction* between EU institutions, nation-states and institutions at sub-national levels, it has been criticised for several reasons.² In my view, it tends to overstate the potential power of sub-national actors.

The evaluation of my empirical findings regarding multi-level aspects of EU policy-making (see Kull 2008) led me to a conclusion similar to the one drawn by Klaus Eder. The EU’s system of multi-level governance can, according to Eder, be understood as a new space of competition between institutions situated at different levels. (Eder 2004, 98) According to Eder, this competition may result in “institutional homogenization and synchronicity” and tends to divide Europe into two parts, a Europe of the strong and a Europe of the weak. This ontology requires the revealing of “hidden power mechanisms” and an analysis of the mechanisms that political agents employ to “reproduce and transform the European political order.” (Kauppi 2002, 39) This perspective, the structural constructivist approach on EU integration introduced by Kauppi, was inspired by French sociologist Pierre Bourdieu.

It adds critical elements that the multi-level governance approach lacks and helps to paint a more nuanced and at the same time more realistic picture of EU polity. Focussing on the detailed, as opposed to the obvious, requires a deep and detailed analysis of multi-tiered structures. This is so because actors from different spheres

² The American scholar Gary Marks introduced the concept of multi-level governance. See Marks 1993. Critical approaches are provided by Jordan 2001 and Bache 1998.

with different institutional backgrounds and social capitals shape, construct and re-construct different policy-fields in the EU. Thus, for collecting data I combined analysis of legal documents and policy papers with in-depth interviews.

Regionalisation in Finland and the Influence of European Integration

Ever since Finland gained independence in 1917, the local government has had a considerable degree of self-government. Fostering regional self-government and creating democratically legitimised regional bodies situated between a strong central state and municipalities that were equipped with a high degree of local self-government, was not a top priority for Finnish political elites until the early 1990s.³ Reforming public administration mainly affected state provincial administration.⁴ Issues of regional self-government, such as elections or tax raising power as well as the regions' relations to both the central state and the municipal level were not neglected in the debate on reforming public administration and central-local relations, but the reforms themselves were almost exclusively done in state provincial administration, such as the State Provincial Offices.⁵

When Finland joined the EU in 1995, it was forced to construct institutions at the regional level. The administration of EU policies, especially EU Regional Policy as the second largest policy of the EU financially, needed structures to implement them. Regional Councils (RC) were set up for that purpose. In addition to the RCs and the State Provincial Offices, the Employment and Economic Development Centres (*TE-Keskus*) are also important institutions of administration in the Finnish regions.

In this section, I will discuss some aspects of the construction of these three regional entities. This process was closely linked to Finland's integration into the EU but was also related to its membership of other international organisations, such as the Council of Europe. Considering the present structures of public administration at Finland's regional level, it is worth reflecting on a project instituted by the Finnish Council of State in 1992. The aim was to achieve a "lighter, better integrated and more economical system of regional administration." (*Komiteamietintö* 1992: 33, 1) One proposal brought forward by the rapporteur responsible, Mr. Jukka Hirvelä, was the creation of "regional authorities established jointly by neighbouring municipalities." (3) These "regional authorities" were to be based on municipal cooperation

³ While in the 1930s, inter-municipal cooperation fuelled the discussion on regional-self government, a decision in principle to centralise administration in the provinces was made by the Council of State in 1951.

⁴ There are a number of reports, proposals and decisions to be mentioned in this context, such as the *Report on Regional Democracy in Finland – CPR (6) 2 rev Part II* by the Council of Europe. There are a number of Committee Reports commissioned by the Finnish Council of State (*Komiteamietintö* 1992: 33, *Komiteamietintö* 1992: 34, *Komiteamietintö* 1992: 28) which provide good insights on elite perceptions of how to reform the regional administrative structure as well as the relations between the central state and the local levels of public administration.

⁵ The State Provincial Offices are joint regional authorities for seven ministries. They have responsibilities in the fields of social and health care, education and culture, police administration, rescue services, traffic administration, competition and consumer affairs and judicial administration. More information on the tasks and composition of the State Provincial Offices is provided on the homepage of the State Provincial Offices run by the Ministry of Interior. This page is available at <http://www.intermin.fi/lh/home.nsf/pages/C39729F9199D173AC2256D01002C3398?Opendocument>.

and be responsible for regional development. Furthermore, Hirvelä assumed that there would be less need to monitor the municipalities' performance and suggested reducing the number of State Provincial Offices from 11 to 5-6.⁶ A third proposal was the construction of 9-10 industrial districts, each with its own Technology Development Centres, and 9-10 district labour offices.

Another Committee report (*Komiteanmietintö 1992: 34*) on regional government which had an impact on the present structure of regional governance in Finland was developed under the aegis of rapporteur Kauko Sipponen. The report warned that Finland was going to be one of the few European countries that lacked a democratically legitimised regional administration. Instead of regions with a high degree of self-government and with their own tax raising powers, Sipponen, like Hirvelä, suggested the creation of municipal associations focused primarily on regional development. (See *Komiteanmietintö 1992: 34, 9, 18*)

In 1995, when Finland joined the EU, twenty RCs, responsible for the "management of functions related to regional development" were set up. (See Finnish Local Government Act (365/1995)) Two years later, fifteen Employment and Economic Development Centres (*TE-Keskus*) were established. These are institutions set up jointly by the Ministry of Trade and Industry, the Ministry of Agriculture and Forestry, and the Ministry of Labour. They are also subordinate to these ministries. Besides their functions in the fields of labour policy and the promotion of farming, fisheries and rural enterprises, they occupied a central position in LEADER+ related rural development policies.

As regards the RCs, for many Finnish scholars in the field the "real regions" in Finland (Ryynänen 2003, 167), their enhanced relevance constitutes the most important change in the administrative structure of the country in the 1990s (Ryynänen 2003a, 7). One important task of the RCs is the implementation of EU Regional Policy. In cooperation with the Ministry of the Interior, the RCs were – at least on paper – the central actors in EU Regional Policy. Some scholars argue that the RCs are overshadowed by the central state level. However, ministry officials were not aware of any major problems regarding the cooperation between the Ministry of the Interior and the RCs during the programming period 2000-2006. The cooperation functioned smoothly, and, as an interviewee put it, the Ministry was "in a way" the RCs' "friend from the central administration." (Interview 5) I will return to this discussion in the next section.

In comparison to regional levels and the political legitimacy of regions in other countries, the RCs are rather weak. Their composition is not based on direct elections. They are indirectly legitimised through municipal elections and have strong

⁶ The State Provincial Offices taking part in Hirvelä's survey argued that due to amendments of municipal law empowering local government, less steering and monitoring is needed. See *Komiteanmietintö 1992: 33, 49*. Up until 1997, Finland had 11 State Provincial Offices, whilst today there are six State Provincial Offices in the country. These are situated in the provinces of Åland, Eastern Finland, Lapland, Oulu, Southern Finland and Western Finland. The key legislative text defining the powers and responsibilities of the State Provincial Office today are the State Provincial Offices Act (*Lääninhallituslaki 22/1997*), which for instance reduced the number of provinces. The amendments laid down in a law on reforming the State Provincial Offices (*Laki lääninhallituslain 2 and 4 §:n muuttamisesta* (348/2000)), further defined the responsibilities of the State Provincial Offices and stipulated that the President appoints the governor proposed by the Council of State.

bonds to the municipal level. The Finnish Local Government Act (365/1995) stated that the RCs are “joint municipal boards of which the municipalities in the region must be members”, (Finnish Regional Development Act (602/2002), Section 4) and that “the members of the supreme decision-making body of a regional council must be councillors in the member local authorities.”⁷ The highest decision-making body of the RC is its assembly consisting of delegates elected by those municipalities that are members of one RC.

Another reason for the political weakness lies, according to Ryyänen, in the “lack of top politicians taking care of their regions in the long run. Many perceive membership as a steppingstone into the national parliament.” (Ryyänen 2003c, 169) Thus participation in RCs often contributes to the accumulation of the social capital of its members. According to Mäenpää, the RCs were no more than channels of funding but their status has slightly improved over the past years. (See Mäenpää 1997, 11)

In my view, these Finnish regional reforms were not only the result of “adaptational pressures”⁸ but also propelled by the participation of Finnish sub-national actors in EU institutions, such as the Committee of the Regions (CoR). In addition to the EU, participation in the Council of Europe and especially in the Congress of Local and Regional Authorities, were important factors, too.⁹ In its 1999 *Report on Regional Democracy in Finland*, the Council of Europe noted that the Finnish regions consisted of “various territorial structures, at levels between local self-government and central State administration; State administration (mostly but not only at provincial and regional levels) on the one side, and various forms of co-operative government between municipalities on the other side, also at different levels.” (*Report on Regional Democracy in Finland - CPR (6) 2 rev Part II, 4*)

The relations between the Ministry of the Interior and the RCs in the context of EU Regional Policy in particular as well as the tension between the Economic and Development Centres (*TE-Keskus*) and the RCs in general had a considerable impact on the status of the regional level of governance in Finland. The creation of the new “Super ministry” (Ministry of Employment and the Economy) is going to have an important impact as well. Since the beginning of 2008, both the coordination of the Economic and Development Centres and the coordination of the cooperation with the RCs have been in the sphere of responsibility of the new ministry.

In the future, the core functions of the RCs could be to group together, to create networks among, and coordinate, different actors from the regions. At present, for some individuals from the Ministry of the Interior, the RCs appear as actors among other actors, not as coordinators. For some, the RCs are rather interested in pushing through benefits for their municipality vis-à-vis other state authorities instead of bringing all the different regional actors together. One interviewee criticised the fact that some RCs “do not manage to combine all interests, only those of the municipi-

⁷ See Section 86a, Composition of the Regional Council. The section continues: “Each member authority must have at least one representative on the supreme decision-making organ of the regional council.” See Finnish Local Government Act (365/1995) published under http://www.kunnat.net/k_perussivu.asp?path=1;161;279;280;37560;44307.

⁸ On the definition of adaptational pressure created by misfit and Europeanization as institutionalisation, see Radaelli 2004, 6-7.

⁹ Finland signed the European Charter of Local Self-Government in June 1990 and ratified it a year later.

palities.” (Interview 5) As a result, regional structures appear to be highly fragmented, and, as I discuss in more detail in the next section, competence struggles between different institutions are also taking place in Finland’s regions.

The Implementation of EU Regional Policy and EU-sponsored Rural Development Policies in Finland

EU Regional Policy

Regarding the programming period 2000-2006 and according to the *Finnish Regional Development Act (602/2002)*, the RCs and the Ministry of the Interior were key actors in the national administration of EU Regional Policy. After the Government decided on national and regional development targets for a fixed period, (see Finnish Regional Development Act (602/2002), Chapter 3, Section 9 (1), *National and Regional Development Targets*) ministries appointed by Government decision then defined those targets. (See Finnish Regional Development Act (602/2002), Chapter 2, Section 8 (1), *Regional Development in Different Administrative Sectors*) According to the Finnish Regional Development Act’s chapter 3, section 13 on *Regional Structural Fund programmes of the European Community*, the RCs are responsible for “drawing up proposals for regional Structural Fund programmes concerning their areas which are to be financed out of European Community Structural Funds.” Section 13 continues by laying down that “proposals concerning programmes shall be worked on jointly by State authorities, municipalities and the other bodies under public and private law involved in programme implementation.”

According to interviewees from the Ministry of the Interior, this form of multi-level governance, in general, worked smoothly. While the RCs have “the legitimacy to do this work and this is not questioned by others, the problem seen from the state perspective is how to implement a national strategy in these regional strategies.” (Interview 4) On the following pages, I will discuss the different phases in policy making.

I will first look at the implementation phase of the last programming period (2000-2006) and highlight some issues that I consider important, both in terms of further conceptualising the power-dimension in multi-level governance and for the debate on Europeanization. Furthermore, the problems of establishing the Finnish approach on the EU level in order to realise the partnership principle as a form of “better practice” also adds important new aspects to the debate on Europeanization in Europe’s regions. Finally, I will look at the multi-levelled process of programme formulation for the current programming period (2007-2013) and the problems of matching Finland’s diversified approach with the EU’s more focussed and concentrated approach.

The Implementation of Structural Fund programmes in 2000-2006

The implementation of Structural Fund programmes in the programming period 2000-2006 was, according to Kettunen, “strongly dominated by the state ministries, especially those of the Interior, Education, Trade and Industry, Agriculture and Employment.” (See Kettunen and Kungla 2005, 369) In this context, the question of

the self-perceived role of the Ministry of the Interior in this policy cycle and whether it saw itself as occupying a dominating position is of importance. Interviewees from this ministry perceived themselves as key players in this field since the ministry had acted as the managing authority. While one interviewee argued that in every country the managing authority “dominates as it is the one who looks after things”, (Interview 4) two other interviewees did not share the opinion that the ministry dominated, especially not in the implementation phase. (Interview 5) They perceived their role as partners of the RCs, who are not subject to their steering unlike, for instance, the Employment and Economic Development Centres. Other ministries that deal with structural funds (e.g. the Ministry of Trade and Industry) were different if compared to the Ministry of the Interior as they have administrative bodies in the regions and the capacity to steer.

Tensions arose between the Employment and Economic Development Centres and the RCs. This was so for several reasons. Firstly, while the money came from the state, the strategies came from the region. Secondly, with the ministries having administrative presence in the regions, the Finnish system is quite sectorised, with different ministries involved. One interviewee argued that the system is very much region-based and more money being directed via the RCs would further empower the RCs. While there was a model developed and legislation drafted to prepare for more resources directed through the RCs, there was some doubt whether the amount of state money envisaged should be given to municipal authorities to decide on its usage. A state-centrist solution envisaged that the national parliament would declare quite specifically how this money was to be spent by the RCs. If the RCs followed this centralist formula, they would “sell the interest of the region for their own interest of power”, (Interview 4) and as a result create a huge gap between the “bottom-up assessment of needs and the allocation of money.” (Interview 4)

Establishing the Partnership Principle

Despite the problems discussed in the previous section, the cooperation of different stakeholders and the realisation of the partnership principle in implementation were, in comparison to other EU member states, and in the field of economic development of the countryside, better achieved in Finland than in other countries, such as in Germany. (See above or Kull 2008) Also in the context of the other regional development funds, tripartite cooperation is mandatory at the monitoring committee level (Regional Management Committees). In contrast to other member states, tripartition is realised at a much earlier stage. One interviewee added that he is not aware of any other country where this was the case. (Interview 4) Whilst this much advanced practice and form of the partnership principle functions very well in Finland and might serve as a model for other countries, establishing it on the EU level proved to be difficult. This is noteworthy given that the EU Commission has projected the image of being very interested in fostering partnership in multi-level decision making. An interviewee summarised his experience within the Commission and with experts from other EU member states:

I presented our model many times to colleagues from other member states. Some critical remarks I received were addressed at how we take the political

will into consideration. When you look at those systems that consider the political will, this happens at a much higher level with national ministers intervening in negotiations at Nuts-2 level. In my view, this does not really take regional needs into consideration. This is a power game. (Interview 4)

It is worth mentioning that some EU member states that applied a more decentralised approach to administering and implementing regional development funds in the past, have centralised programme implementation in the new programming phase. While in Finland the RCs are in a key position, interviewees from the managing authority criticised the fact that too much emphasis is put on public authorities, such as ministries, regional and municipal authorities. (Interview 5) According to some interviewees, the participation of actors from the private sector, from the field of research and from non-governmental organisations (NGOs) needs to be fostered in the future. However, a more intense inclusion of private and social actors often fails due to structural problems, such as a lack of resources preventing some organisations from participating. Another problem is the specificity of EU-speak (no vernacular) which deters local actors from participating. As a result, even though it would be fruitful to have particular NGOs involved in Regional Policy, and they are often invited to participate, they are not able to take part.

The EU Commission raised a number of questions in the debate on the future of the structural funds and regional policy. Some of these were directly related to the issues discussed above. One question was: “Given the need for efficient management of cohesion policy programmes, what is the optimum allocation of responsibility between the Community, national and regional levels within a multi-level governance system?”¹⁰ More flexibility and more freedom to conduct implementation according to own national standards were favoured by some interviewees from the managing authority, who were also well aware of the difficulties in vesting more responsibility in the member states. (Interview 4) According to one interviewee, “the current system is about what you can get without losing the EU’s right of control. Even now, when the intention is that the responsibility should clearly be with the member states’ governments, the Commission needs to do a lot of unofficial follow-up. The Finnish way to administer this is quite complex.” (Interview 4) I will now turn to multi-level aspects in the development of programme proposals for the current programming period 2007-2013.

Multi-level Interaction in the Programming Period 2007-2013

As a first step, RCs or major regions (*suuralueet*) made programme proposals to the Ministry of the Interior. On the basis of these proposals, the Ministry of the Interior drew up programmes to be considered by the Finnish government. This was to happen “jointly with other ministries, RCs, and other bodies and organizations involved in implementing the programmes.” (Regional Development Act (602/2002), Chapter 3, Section 13 (2), *Regional Structural Fund Programmes of the European*

¹⁰ Press release IP/07/721, 30 May 2007.

Community) At the stage when the programme proposals were drafted in the regions, the most important players were, according to interviewees from the Ministry of the Interior, the RCs. Work on designing the programmes was led by the RCs. This phase was not free from friction and conflicts. One interviewee explained that in Southern Finland, for instance, “there are five RCs and one has to look how they cooperate when they make their proposals before they are submitted to us. In addition, there are internal games within the regions. Each RC has its own focus, its own strategy. The programme cannot be too wide-ranging. In general terms, I have the feeling that the cooperation between the RCs functioned better during the previous programme drafting period.” (Interview 5)

At the stage when the regional programmes, composed of proposals from the regions, are pulled together, the RCs are also said to be the key players. The Ministry of the Interior was “to pull together the global strategy, the national strategic framework.” (Interview 4) The Commission closely followed this stage and the Ministry of the Interior acted as a sort of broker between the Commission and the RCs. The ministry had to defend a rather diversified approach to the Commission, which, according to one interviewee, “would have liked to see a more focussed approach.” (Interview 4) The Commission was very interested in fostering the goals set out by the Lisbon Strategy in this context, too.

The Ministry of the Interior was largely advocating this approach at the EU level. According to one interviewee, Finland enthusiastically supported the Commission’s idea of connecting the Structural Funds to serve the Lisbon Objectives and sometimes even had to defend its more far-reaching position. (Interview 4) One key issue which concerned the central government was how to keep the whole package of structural funds in Finland focussed. In terms of power and influence, considerable emphasis was put on its regional dimension. According to interviewees from the Ministry of the Interior, the largest share of preparation was done in the regions, more specifically in the Regional Management Committees. While it received information on what was discussed there, the ministry did not really push the national strategy from above. (Interview 4) The national strategy was rather built from below. The ministry was engaged “but not that strongly.” (Interview 5) According to interviewees from the Ministry of the Interior, the strategy provided enough room to meet the demands of the regions. The rationale behind this was that “the national strategy must not be too rigid because then it would not allow the consideration of regional differences.” (Interview 5) In addition, the Finnish administrative culture is conducive to pushing through “a very strict strategy from above.” (Interview 5) Regarding structural funds managed by other ministries, such as the European Agricultural Guidance and Guarantee Fund (EAGGF) managed by the Ministry of Agriculture and Forestry, Finland was, from a comparative perspective, rather quick in developing its national programme for approval by the Commission. However, the start of the new programming period 2007-2013 was delayed, among other things, due to the reorganisation of central administration.

In terms of the ERDF, there is no national programme as such but four programmes for Southern, Eastern, Western and Northern Finland. Åland has its own programme based on the self-administration of the region. Finland was not among the first countries to have their programmes approved by the Commission. The

Commission demanded some changes. As a result, the start of the current programming period was slightly delayed. Finland's strategy had a slightly different focus to the one the Commission would have liked. A Finnish negotiator summarised the discussions with the Commission:

We defended our approach. This delayed the start of this programming period. The Commission was persistent. We agreed at the level of regulations and that we should clearly implement actions which support the Lisbon Strategy objectives and be more focussed. But then we would give considerable freedom to the regional level to decide their agenda in this framework. This proved to be very difficult to accommodate. We, as an authority, are strong advocates of this more focussed strategic approach. (Interview 4)

Both as regards the interaction with other actors in Finland and vis-à-vis the EU, the debate over the development of regional programmes in the previous round of structural funding had gone more smoothly. There were fewer disputes than was the case in the current period. One interviewee saw these problems particularly connected to central administration. In her experience, as regards cooperation with the regions, this functioned rather smoothly. It is important to see that national governments are not willing to give up their influential positions in this policy field. They often act as "gatekeepers", as Bache has demonstrated in several studies.¹¹ As far as EU Regional Policy is concerned, national authorities draw up Regional Development Plans and Operational Programmes.

Central ministries in Finland had important functions in coordinating and managing EU Regional Policy (the Ministry of the Interior) and LEADER+ (the Ministry of Agriculture and Forestry). The national coordination of the Structural Funds did not function outside the "shadow of hierarchy". (Bache 1998, 344)

LEADER+

LEADER stands for "Liaison Entre Actions de Développement de l'Économie Rurale", which means "Links between development actions and the rural economy." It was one of four Community initiatives and was financed by one of the four Structural Funds, the European Agricultural Guidance and Guarantee Fund (EAGGF).¹² LEADER+, implemented during the programming period 2000-2006, was part of the Commission's strategy and goal to improve living conditions in the peripheries of the EU for marginalized groups.

In an earlier study comparing Germany and Finland, (Kull 2008, 153) I concluded that LEADER+ offered a space for multi-level interaction and local-level involvement. This space consisted of highly motivated people actively contributing

¹¹ See, above all, and very detailed, Bache 1998. A nice summary is provided in Bache 1999.

¹² The other three Community initiatives are URBAN, INTERREG and EQUAL. The following structural funds were implemented in 2000-2006: the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Financial Instrument for Fisheries Guidance (FIFG) and the European Agricultural Guidance & Guarantee Fund (EAGGF).

to the improvement of the quality of life and the economy in Europe's countryside. However, it was also dependent on and restricted by, national administrative practices, implementation approaches and cultures. Despite the empowerment of sub-national actors in the implementation phase – in Finland to a much higher degree than in many other EU member states – it would be correct to say that central state levels remained in a crucially important position. They were engaged in the bargaining over the overall financial framework and also acted as managing authorities.

In analysing the function of governmental institutions and the transformation of local action groups (LAG) after the construction of the LEADER programmes in Germany, Bruckmeier argued that “rural development projects became more politically controlled, standardized and administered; the independent actors and action groups have, in effect, become ‘Quangos’ (quasi-non-governmental organizations). The influence of governmental institutions has thus been strengthened and the financial basis enlarged; the programme has ‘golden chains.’” (Bruckmeier 2000, 221) However, partnership is a core rationale in this policy field and deserves some closer analysis. Former EU Commissioner for Agriculture and Rural Development, Mr. Franz Fischler, once said that “the partnership is in my view a fundamental part of LEADER and the future Community Initiative for rural development. The projects must be elaborated locally and not anywhere else. The principle of partnership must not only be maintained but also reinforced.”¹³ According to an interviewee from the EU Commission's LEADER+ Observatory, partnership has been reinforced over the past few years. The main reason, according to him, is the “50% rule”, which means that no more than 50% of the members of LAGs must be from public administration. This “golden rule and one of the core elements of the LEADER method” is, according to the interviewee, well accepted throughout the EU. (Interview 3)

The LEADER+ Programme for Finland defined partnership as “extensive co-operation on an equal standing in the composition and activity of the LAG.”¹⁴ The LAGs were “open to all local persons and organisations who are interested in rural development.”¹⁵ By applying the so-called principle of tripartition, the Finnish LEADER+ programme went further than many other national LEADER+ programmes throughout the EU. Tripartition concerned the composition of the local action groups' executive committees, which should “as far as possible consist of an equal number of representatives of individual rural residents, local associations and companies as well as the local administration.” (“Leader+ Programme for Finland”,

¹³ At the European Conference on Rural Development, Cork, Ireland, 7-9 November 1996. The citation stems from: “Special LEADER Symposium towards a New Initiative for Rural Development: 800 Leaders Give their Views” and is available at <http://europa.eu.int/comm/archives/leader2/rural-en/biblio/coll/art04.htm>.

¹⁴ See “Leader+ Programme for Finland”, 72. The other general eligibility criteria for LAGs are as follows: the area must be rural, the area must have the appropriate size, strategic cohesion in the development plan and the development strategy must be consistent with one or two themes. These themes are listed in the LEADER+ Programme. LAGs had to choose between (1) Using new know-how and technologies to make the products and services of rural areas more competitive, (2) Improving the quality of life in rural areas, (3) Adding value to local products; facilitating access to markets for small production units via collective actions, (4) Making the best use of natural and cultural resources, including enhancing the value of sites of Community interest selected under NATURA 2000, (5) Slowing down migration from rural areas to population centres, encouraging migration towards rural areas, and (6) Increasing interaction between rural and urban areas.

¹⁵ See footnote above.

72) Tripartition was supposed to guarantee “openness and equitability in the decision-making required in the LEADER+ programme as well as the involvement of new people in the local development work.” (72) The principle of tripartition in organising the executive committees of LAGs was outstanding when compared to other European countries and should serve as a model for local partnerships and bottom-up approaches in implementing structural funds.

I see this application of the principle of tripartition as a success in terms of both decentralising decision-making power and including a broad range of different social groups and institutions. In Finland, key individuals in the Ministry of Agriculture and Forestry sought to cover the whole countryside with LAGs in order to utilise local expertise and thus increase efficiency, and succeeded in doing so. An important feature of rural development in Finland is the fact that the LEADER approach was a role model for national programmes of rural development. In 2006, 419 of all 444 Finnish municipalities were covered by LAGs. In mainstreaming this particular form of the partnership principle in Finland, namely the principle of tripartition, Finland is a role model for other EU member states. Due to the principle of tripartition and the mainstreaming of the LEADER-approach in Finland, the inclusion of different groups in the LAG was realised here much more than was the case in Germany, for instance. Furthermore, in comparison to Germany, the representation of public administration in steering committees was much more limited due to tripartition.

Respondents to a survey I conducted between 2005 and 2006 described cooperation with actors from different institutions of public administration as positive. While further empowering LAGs was favoured by many respondents participating in my survey, there are a number of reasons for supporting the preservation of the present structures in Finland. For instance, giving full decision-making powers to the LAGs would endanger the basic idea of local action groups, which are public private partnerships, not public authorities. Thus, a full-fledged decentralisation with all decision-making power conferred upon the LAGs and decoupling the decision-making authorities (Employment and Economic Development Centres) from policy making was not an option for the managing authority.

In addition to tripartition and mainstreaming, another issue that seems to have functioned better in Finland is cross-border cooperation. One interviewee from the EU Commission, based on his experience with other Community Initiatives, argued that some areas in Europe seek cooperation more intensively than others. Cross-border cooperation between neighbouring regions has a tradition in some areas, such as in the Baltic, in Scandinavia or in the Mediterranean. In addition to tradition, cooperation between LAGs has to come from the local side and is supported by LEADER axes in rural development programmes. National authorities should act as a motivator. They should not act as a barrier to cooperation as I observed in some areas in Germany.¹⁶

¹⁶ Interviewees from the *Land* Niedersachsen stressed, in a critical sense, that the managing authority has imposed such strict regulations on the financial support of networking that it made cooperation almost impossible (for instance Interview 1, conducted on 4 May 2005). Applicants had to demonstrate a clear added-value from cooperation.

While Finland should act as a role model, my reading of and partial explanation for the reluctance in adopting the Finnish model relates to the different traditions of public administration that exist in member states. While most German interviewees said that the Finnish model is desirable and is closer to the LEADER rationale of locally based partnerships than any other model applied throughout the EU, they are also aware that many managing authorities are reluctant to impose it. The interviewee from the EU Commission was rather pessimistic in this context. The interviewee argued that

Being realistic, I do not see this model being applied elsewhere. In Finland they spoke about history. In Finland they have this tradition of collective action, with a strong involvement of the people. So (this model) is very typical for Finland, quite normal. They focus on people and not on systems or the organisation of institutions. The Finns are very practical. They are really oriented towards finding solutions. Rules do not have an absolute value; Finns always find ways to solve problems pragmatically. This is what I like in Finland. (Interview 3)

I agree with Kauppi, who argued that each field, in this case the national political field, has its “own dominant habitus, a culture or internalized set of action, preference and evaluation that regulates resource accumulation. This specific, internalized culture or set of “internalized” institutions constrains and empowers individuals, assigning them roles and providing them guidelines for legitimate behaviour.” (Kauppi 2002, 24)

Conclusions

The construction of institutions to implement structural funds in Finland was propelled by adaptational pressure and “vertical mechanisms of adaptation” (Börzel and Risse 2003; Radaelli 2004) in terms of Regional Policy and facilitated coordination (Knill and Lehmkuhl 2002; Radaelli 2004) in terms of the Community Initiative LEADER+. In addition, as far as the construction of the RCs to implement Regional Policy programmes is concerned, other European institutions not belonging to the EU, such as the Council of Europe and the Council of European Municipalities and Regions were of importance. Thus, discourses and the exchange of ideas on forms of self-government in institutions that only dispose soft pressure were highly important, too.

Finland does not yet have an independent administrative meso-level.¹⁷ The central state controls agencies and institutions at regional level, such as the Employment and Economic Development Centres and the State Provincial Offices. The RCs – some scholars see them as coming closest to being “real regions” – were created after Finland joined the EU in 1995 and have been empowered during the processes that led to deeper EU integration and Europeanization. Having no right of taxation, they are principally financed by their member municipalities. Furthermore, their assem-

¹⁷ See also Modeen, who comes to a similar conclusion (in Schäfer 1998, 27).

blies, the highest decision-making bodies, are composed of municipal councillors. While there is no regional self-government in Finland, the model of local self-government is one of the most advanced in the world. In his *Report on Regional Democracy in Finland* rapporteur Leinen from the Council of Europe concluded, that regional government in Finland “does not represent genuine regions.” (*Report on Regional Democracy in Finland – CPR (6) 2 rev Part II, 1*) The report triggered some rethinking. The Finnish government has launched a number of projects to tackle the democratic deficit in the regions. These projects emphasise inter-municipal cooperation and cooperation between the public and private sector. (See Ryyänen 2003c, 163-165) However, the regional structures in Finland are still highly fragmented.

In my view, the status of actors in regional governance depends on the willingness of the central state to loosen its grip but also on the willingness of regional actors to cooperate with each other. In my discussion of two related policy-fields, EU Regional Policy and the Community Initiative LEADER+, I realised that there were some differences in terms of power potentials in regional governance. As concerns the implementation of ERDF-funds, the central state is, in the view of some scholars and practitioners, by no means easily vacating its powerful position. A contrast is LEADER+, where the so called local action groups can act fairly well outside the shadow of the hierarchy. Regarding the partnership principle and the mainstreaming of the area-based approach to implement structural funds, Finland should serve as a model for other EU member states. However, Finnish governmental elites faced difficulties in establishing the Finnish approach.

The creation of a new “Super-ministry” (Ministry of Employment and the Economy) in 2008 will have an impact on regional governance as well. This reform responds to the need to clarify the division of work between the RCs and the Employment and Economic Development Centres (TE-Keskus). The programme of Mr. Vanhanen’s government provides a somewhat ambivalent context as it is, on the one hand, “very ambitious in giving more powers to the RCs” but on the other hand it also “wants to establish a new dynamic and effective organisation for economic development.” The latter might result in centralised steering and monitoring.

This article sought to contribute to a more systematic and comprehensive picture of the Europeanization of Europe’s regional level of governance by reflecting on Finland, an understudied country in this context. In my view, the Nordic countries are very interesting cases since they form a relatively homogenous region in fields such as culture, language, identity or administration. However, as the Nordic countries dispose of very divergent strategies to cope with EU membership and European integration, further comparative case studies in the policy-fields focused on in this article would be very welcome. Regarding Finland, important issues to be studied in the future concern the mechanisms of information provision, the degree of steering and monitoring by national level actors and the status of different regional and local actors in the administration of structural funds. The most crucial issues for Finnish regional governance in the years to come are how the regional administration will be re-organised and how regional authority is going to be distributed after major regional reforms take place in 2010.

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Appendix

Interview-number	Interviewed Person	Date
1	Manager of a LAG from Northern Germany	4 May 2005
2	Civil servant from a decision-making authority in Niedersachsen	10 May 2006
3	Civil servant of the DG Agriculture, LEADER+ Observatory, European Commission	9 June 2006
4	Civil servant from the Finnish Ministry of the Interior	7 September 2007
5	Group interview (2 civil servants) conducted in the Finnish Ministry of the Interior including one senior civil servant and one civil servant.	26 September 2007

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