

The Municipality as an Intermediating Actor in Projects: Empirical Evidence from On-Farm Business Diversification in Eastern Finland

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ABSTRACT

Programme-based rural and regional policies have led to the proliferation of development actors in local policy arenas across Europe. It is argued that a new social class has emerged, the project class, whose position emanates from its expertise in designing and implementing development projects. This paper examines Finnish municipalities acting as mediators in projects concerning a particular branch of rural industries, on-farm business diversification (OFBD). In the paper, the municipality is analysed from two starting points, first by explicating its role as a single actor and then by focusing on individual persons within the municipality. The latter turns the analytical focus on three key groups of municipal officials, namely municipal managers, local industrial promoters and municipal agriculture officials, and on their personal contribution to projects. Based on a case study of two municipalities in Eastern Finland, the analysis reveals that at the organisation level, the most important role of the municipality is that of financier. At the individual level, the study highlights the role of the municipal agriculture officials, whose familiarity with local circumstances and close contacts with farmers make them key intermediating actors in OFBD development projects. The paper suggests that the position of the project class may not only be built on project expertise but also on more local and case-specific knowledge, which is only achieved by working closely with potential project beneficiaries.

Key Words: project class, municipalities, on-farm business diversification, rural development.

1. Introduction

Programme-based rural and regional policies have led to the proliferation of development actors in local policy arenas across Europe. According to Kovách and Kučerová (2009), a new social group has emerged, the project class, whose position emanates from its expertise in designing and implementing development projects. The project cycle, including the application, implementation and evaluation of the

project, requires experts with knowledge of this particular development model, who can act as an intermediating actor (IA) between project financiers and beneficiaries. The composition of the project class has, however, proved to be very heterogeneous by nature (Kováč and Kristóf 2004, 20-24). Most of the project class positions have sprung up within the new rural development system (Kováč and Kučerová 2006, 4), but also more established organisations such as local governments have adopted mediatory roles in projects (Andersson, Eklund and Lehtola 2006, 69). This paper is concerned with Finnish municipalities and municipal civil servants as project class members by analysing their role as IA in developing a particular branch of rural industry, on-farm business diversification.

OFBD refers to the start-up and development of new businesses on farms which differ from traditional farming. A diversified farmer/farming family runs both a farm and a non-agricultural enterprise/enterprises (Rantamäki-Lahtinen 2009, 11). The diversification can be based on e.g. tourism, care, small-scale food-processing or machine-contracting, and at its best, it increases the added value generated in a farm context (Alsos and Carter 2006). Consequently, OFBD has been regarded as a potential way of developing rural areas and strengthening local economy (See Ventura and Milone 2000, Gorman, Mannion and Kinsela 2002). Several studies also indicate that new farm businesses are not generated in a vacuum but their development is in many ways dependent on the support of the local institutional environment (Phillipson et al. 2004, Sharpley and Vass 2006, Ilberry et al. 1998). In Finland, the promotion of OFBD is particularly linked with municipalities as in Nordic rural areas, they are often the primary institutional actors for facilitating business (Aarsæther 2004, Anttiroiko et al. 2006).

However, little is known about how municipalities act as IAs in promoting OFBD. Current information on the development of OFBD is mainly based on farm-level analyses, focusing on farm or farmer characteristics, resource allocation and the financial success of a farm or examining the push-and-pull factors that explain the adoption of new on-farm enterprises (Alsos and Carter 2006, Carter 1998, Carter 2001, Daskalopoulou and Petrou 2002, Ilberry and Bowler 1993, McNally 2001, Meert et al. 2005, Rantamäki-Lahtinen 2004, Rantamäki-Lahtinen 2009, Walford 2003). In some studies, local governments have been rather vaguely considered, such as by analysing what farmers generally expect from public-sector support in diversifying their business (Sharpley and Vass 2006). In those empirical analyses where the municipalities have been explored as IAs, the primary focus has been elsewhere, for instance on the markets for rural goods and services and on the whole institutional settings for promoting them (Kováč and Kristóf 2004, 20-24, Overbeek and Terluin 2006). However, it can be concluded that project-based development has strengthened the role of civil servants in promoting rural industries, although their contribution has not been under closer scrutiny (See Picchi 2002).

This paper is one effort to respond to the call for a more detailed identification of the project class in European rural development. As Kováč and Kučerová (2009) note, "little is known about the social composition of the new groups appearing in the development projects, and about their social background, education, values, thinking as well as networking and the more concrete forms of exerting power and essential social capital." All that is known for sure is that the project class is charac-

terised by project expertise, working as a tool for establishing its position in the local development sphere.

Generally, in social sciences the concept of the class refers to individuals, and in the theory of project class, it has been used in the same way (Kováč and Kučerová 2009). However, in this paper, the municipality is analysed from two different starting points, first by explicating its contribution as a single actor and then, by dividing it into individual persons, which turns the analytical focus on three key municipal officials: municipal managers, local industrial promoters and municipal agriculture officials. The choice is justified by the notion that the fundamentals of the theory of the project class differs from classical Marxian, Weberian or neo-classical approaches. According to Kováč and Kučerová (2006, 6), the emergence of the project class is not based on the economy but on the reformed redistributive system which characterises contemporary rural and regional development in Europe. In this system, in my view, the organisations may also play a role as “actors” when they participate in projects and channel resources to them. It has been the case, for example, in rural partnerships (Cavazzani and Moseley 2001). The twofold analysis sheds light both on the political decision-making of the municipalities and on the personal contribution of municipal civil servants. The empirical material is drawn from two municipalities in Eastern Finland.¹

The first chapter of the paper presents the concept of the project class and reviews the starting points of Finnish municipalities in contributing to projects. This is followed by the presentation of a case study conducted in the area of two municipalities in Eastern Finland during the summer of 2004. Then, the paper deals with the empirical analysis by explicating the role of the two municipalities in OFBD development projects at the municipal and individual level. The concluding chapter summarises the findings in order to discuss the basis on which municipalities contribute to OFBD development projects and their particular strengths when acting as IA in developing rural industries.

2. The concept of the project class

In European rural sociology, the project class is a very recent topic that, according to Kováč and Kučerová (2009), has sprung from three sources: the transformation of administrative structures, the nature of EU and national rural development policies and the rise of the cultural components in rural development. The emergence of the project class has also been linked with the “general projectification” or project proliferation characterising contemporary Western societies (Sjöblom 2006, 9-31). As projects have become the predominant tools for steering change, the number of actors working with them has mushroomed. Kováč and Kučerová (2009) suggest that the members of the project class are playing an increasingly important role in the development of rural areas and are simultaneously gaining more ground in local political arenas.

¹ The empirical analysis is based on a larger study, *On-Farm Business Diversification as a Municipal Rural Development Policy*, made for the Rural Policy Committee.

The position of the project class members in “project markets” is based on their expertise and intellectual property, i.e. their knowledge of the procedures of project-based development and the ongoing opportunities within it. Another feature of the members of the project class is their role as mediators. They facilitate the redistribution of development funds and contribute to the transfer of materials, ideas, knowledge and power for projects. According to Kovách and Kučerová (2009, 18), the intellectual property works as a basis for legitimising the project class. Since the class does not have any classical capital, social benefits or privileges, its legitimisation is a continuous process. The project class is under constant pressure to convince and persuade both the recipients of project funds and the representatives of administrative structures and financing procedures (ibid.).

The project class has, however, established its position rapidly. The impact of late modernity, especially the rise of an information- and knowledge-based society has contributed to its appearance (Kováč and Kristóf 2007). In fact, some worry that the project class may form a new elite group which colonises development procedures. This kind of empirical evidence is in particular drawn from Central European countries such as Hungary, where liberalisation and the transformation of administrative structures have led to a rapid increase in new jobs at the national and local levels. Many educated actors in the rural society lost their jobs after the collapse of the socialist system. The implementation of EU development policies has now offered new opportunities to them by which to transform their accumulated cultural capital into a new kind of expertise and to thus earn their living (Kováč and Kučerová 2006, 13).

More evidence of the existence of the project class has been drawn from France, the Netherlands, the Czech Republic, Spain and Finland (Kováč and Kristóf 2004, Kovách and Kučerová 2006, Overbeek and Terluin 2006). In an EU research project concentrating on building new relationships in rural areas under urban pressure, a rough classification of the studied countries regarding their project class has been made (Overbeek and Terluin 2006). France has been called “multiple”, Spain and Hungary “impulsive”, while Finland and the Netherlands have been referred to as “organised” (ibid.). In the latter, the emergence of intermediating actors has taken place in the context of prevailing institutions, adapting to their practices (Kováč and Kristóf 2009, 10). Typical for the organised model is that public administrative and quasi-governmental organisations dominate the project class and that cooperation between local actors is quite institutionalised and stable. Therefore, it has been assumed that class formation in Finland may not be as visible as elsewhere, e.g. in Central Europe (Kováč and Kristóf 2009, 12).

2.1 Finnish municipalities as project actors

In Finland, the increase in temporary programme and project organisations is one of the most striking features of governance (Alavaikko 2006, Andersson 2006, Katajamäki et al. 2001, Sjöblom 2006). As the development of regions is currently almost solely based on programmes, their implementation has moulded the settings in local development. The pressure for change has particularly affected municipali-

ties, which have traditionally been the key institutional actors for promoting local development (OECD 2005, 163, Hyyryläinen and Uusitalo 2002, 236-238).

The role of the municipalities in projects is based on their institutional setting, which in principle provides them with a lot of room for manoeuvre. Public service provision is the responsibility of municipalities, and they are relatively free to find ways of producing the services (Kettunen 2006, 330). Municipalities are also involved in land use and rural development and promote more specialised activities such as tourism, sport and recreation (Andersson, Eklund and Lehtola 2006, 57). In practice, however, the situation is more complex. In budgetary terms, the vast majority of tasks and expenditures is based on compulsory responsibilities (Kettunen 2006, 330). Also in recent years, the state has delegated new tasks to be fulfilled by municipalities without always considering how they will be financed. Because of a weakened municipal budget, an aging population and declines in entrepreneurial activity and employment, the challenge for the municipalities to take care of their duties is getting even bigger. It has been noted that instead of exercising strong local autonomy, the municipalities may nowadays act more like agents of the central state (OECD 2005, 163). From the perspective of local self-government, the situation has been regarded as gloomy (Ryynänen 2009).

On the other hand, the municipalities are expected to develop towards a “network municipality” when seeking new kinds of efficiency and democracy in their service provision (Haveri and Nyholm 2009). In a network municipality, private, public and third-sector actors are included in policy-making and service provision. It is noted that this is an indication of governance in which municipalities build strategic networks with one another and with other organisations to produce services (ibid.). Projects may act as tools for creating new practices in service production (Alavaikko 2006).

The fact that projects require municipal financing provides an incentive for municipalities to take a more active role in them. In municipalities, projects can be interpreted as a stream of development resources, which highlights their strategic importance. However, the downside is that at the same time, municipal development resources disperse into several single projects whose contribution to the overall development of the municipality is difficult to detect. It has been suggested that the proliferation of projects easily undermines the coherence of municipal development and at worst suppresses the motivation of the municipalities to participate in the projects (Katajamäki et al. 2001, 28-30, Mustakangas, Kiviniemi and Vihinen 2004). These findings are, however, rather general and do not make a distinction between projects concentrating on different lines of rural business. They do not tell anything about how municipalities behave in developing OFBD.

Some municipalities have hired special personnel for dealing with projects (Mustakangas, Kiviniemi and Vihinen 2003, 135-136). However, in most municipalities, the municipal manager, the local industrial promoter and the municipal agriculture official are the key actors in contributing to projects. This “triumvirate” can be found in almost all municipalities in Finland. However, in the future, the number of key actors will decrease. At present, several municipal amalgamations are taking place, which will reduce the municipal staff. Inter-municipal cooperation has also become more common, with similar consequences. In most municipalities,

industrial policy is implemented by sub-regional development companies, and their employees, the local industrial promoters, contribute to the development of the whole sub-region. In the future, the work of municipal agriculture officials will also be arranged in cooperation between municipalities. In fact, this re-organisation has been regarded as so urgent and important that the government has decided to hasten it by a law. The preparation of a legislative proposal for the re-organisation of municipal agricultural administration has been initiated in 2009.²

3. The study

The empirical data consist of 23 in-depth interviews³ conducted in two municipalities in Eastern Finland in 2004. In both municipalities, four types of actors were interviewed: the representatives of the municipality (i.e. municipal and sub-regional officials and municipal elected representatives), farmers with a diversified business, conventional farmers and non-farm small business owners. Information on potential interviewees was collected by applying the snowballing technique. The local key informants were the local agriculture officials. The case municipalities are code-named *Birchdale* and *Chutrim* to maintain the anonymity of the interviewees.

In both municipalities, a profound restructuring of agriculture has taken place as many farms have closed down after becoming unprofitable. Those that have continued have either specialised or broadened their income basis by starting on-farm enterprises. What makes the two municipalities interesting is that OFBD in both is affected by other municipal developments. In Birchdale, known as a municipality of summer cottages and culture, emphasis was placed on the promotion of tourism, and the development of OFBD was conducted accordingly. Chutrim, on the other hand, is a municipality strong in agriculture and food production, and the promotion of OFBD is closely linked with local agricultural development (Mustakangas 2006).

In the course of the interviews, Birchdale had its own municipal industrial promoter co-operating closely with neighbouring municipalities. In Chutrim, local industrial policy was sub-regionalised to a regional development company. All industrial promoters of the company are specialised in certain municipalities; thus, one focuses on the industrial development of Chutrim.

Projects were an important tool for developing OFBD in both municipalities. In Chutrim, about ten projects were estimated to be contributing to OFBD. These concentrated on rural tourism, but other lines of business were also promoted. In

² The Ministry of Agriculture and Forestry set up a working group in February 2008 to define the alternatives of re-arranging the agricultural administration of municipalities. Based on the report of the working group (*Viljelijätukihallinnon kehittämisvaihtoehtoja selvittäneen työryhmän loppuraportti*, MMM 2008: 11), the government has suggested that municipalities should form new cooperation districts for organising agricultural administration in their area. According to the draft of the proposed law, the cooperation districts should cover at least 800 farms. The expectation is that the law would come in force in 2010.

³ The interviews conducted in the two municipalities were recorded and later transcribed. At the beginning of an interview, a short introductory text to clarify the subject was provided. The interviewees were then asked to comment on OFBD from four angles; what was being done to promote OFBD in the municipality and who was involved in this; what should be done to promote OFBD in the municipality and who should be involved in this. The questions were also presented to the interviewees on paper.

Chutrim, the number of projects was estimated at fifteen. Some projects were related to rural tourism, but the variation was greater than in Birchdale. For instance, there have been projects promoting the game business, fisheries and the local food industry. In Birchdale, the development of OFBD flowed from another policy goal of the municipality, namely strengthening its image as a cottage municipality, while in Chutrim, no major strategic line existed (Mustakangas 2006).

The findings signal that both municipalities use their manoeuvring space in contributing to projects concerning OFBD. However, analysis of the municipalities as members of the project class requires that research questions focus on individual actors. As some of the interviewees were municipal office-holders, the municipalities were approached from two starting points: from inside and outside the municipal organisation, with the following questions:

What do local actors expect from the municipality as a partner in OFBD development projects, and how do they judge the contribution of municipal officials?

How do the key municipal officials perceive their individual role in developing OFBD via projects?

4. The municipality as an IA

In Birchdale and Chutrim, it was stated that there is little room for manoeuvre for the municipalities in developing OFBD. This interpretation was associated with a tight municipal budget, the CAP⁴ and general agricultural restructuring. For instance, one farmer, when asked what had been done to promote OFBD in his municipality, assumed that hardly anything had been done as “the EU defines everything”.

In Birchdale, the contribution of the EU was also linked with the division of EU support areas. The argument was expressed by a local elected representative who said that the EU division of support areas had caused a dramatic decline in the number of farms. After Finland joined the EU, Birchdale was included in area B, which meant that the level of support was lower than in the neighbouring municipalities in area C. As the higher level of the subsidies in the neighbouring municipalities had been difficult to approve, a dramatic agricultural restructuring took place. The interviewee said that the municipality had been helpless in making any change to the situation.

However, the practical examples of the development of OFBD provide a different picture of the municipality’s potential to act as an IA. The examples were provided in the municipality of Birchdale. The local elected representative, who was sceptical concerning the municipality’s preconditions for developing OFBD, eagerly presented the projects in which the municipality participated. One project, called “Top-Ten”, focused on mapping the resources of farmers and from that basis sought

⁴ The Common Agricultural Policy.

new income sources for them. The interviewee did not know the exact results of the project but she sounded hopeful. She noted that farms have considerable potential for branching out their business and believed that the project had made a positive contribution to identifying this.

Another example mentioned by the local elected representative was a project concentrating on rural tourism. In this project, farmers had improved their farm environment and made their farms more attractive for tourists. The municipality was actively involved in the project, which the interviewee was very pleased about. According to the interviewee, the project initiated new entrepreneurial activity in the municipality. In all, when speaking about the implemented projects, she sounded optimistic, as if the projects offered a new possibility for the municipality to promote OFBD.

The idea that the potential of the municipalities to contribute to OFBD rests in projects was also crystallised by one farmer. Based on his eight years of experience in municipal decision-making, he stated that nowadays, the municipality is more like an executor of the CAP, which does not easily mix with taking a more proactive role in bottom-up development. At the same time, he assumed that it is through projects that the municipality has the power to influence the development of farms.

The resources of the municipality for rural development of course depend on the municipal economy, agricultural background and municipal politics and so forth, but Chutrim has participated in several different projects that have been available. Every year, there are about ten projects running and farmers have been involved in them, in varying numbers, and this is probably the most clear example that municipal decision-making can take place. (Farmer, Elected representative)

The financing of projects by the municipality was regarded as its key action. For instance, when asking what should be done to promote OFBD in his municipality, one farmer answered:

Let's say that the municipality should guarantee that the projects initiated in its area will get the municipal share, including those projects that might serve only one farmer. Whatever it might be, like herb growing or something more unusual. Nowadays, new experiments tend to have real market value. Therefore, for those who want to be involved, access should be guaranteed. (Farmer)

This excerpt illustrates the mediating function of project financing. By giving the municipal share to the project, the municipality paves the way for participation by farmers. However, the farmer noted that not all municipalities behaved accordingly. He said that in some projects, the participation of farmers has been questioned because their municipality did not grant the municipal share to the project. The farmer criticised the free-rider mentality according to which some municipalities have behaved. He also stated that municipal shares are usually so small that the financing of projects should not be a problem for municipalities. He believed that

difficulty in financing projects is used as an excuse to opt out of them. This finding is supported by an interview with the municipal agriculture official in Chutrim.

The municipal agriculture official noted that the municipal economy had not prevented the allocation of money to projects. The opinion of this person was very authentic, since he prepared the funding of projects on the basis of his official position. Moreover, he stated that in Chutrim the situation had rather been the reverse. Because of the tightening municipal budget, the available financial resources were placed in projects.

We hardly have direct support anymore. Previously, we did this too, quite a lot actually. All sorts of plans and operations were supported, from building under drainage systems to the collection of soil samples, breeding plans, all sorts of things. And then the sections of the municipal organisation had to save money. During the last five years we have worked with a budget that has been almost zero. We had to prioritise. But the thing was, however, that we wanted to put money into these projects. (Municipal agriculture official)

It was stressed that municipal financing has a strong symbolic meaning. By granting money to projects, the municipality demonstrates its willingness to support rural industrial development in its area. According to the interviews, this is what local actors expect from the municipality as an IA. The municipalities should facilitate participation in projects by financing them, simultaneously contributing to the general entrepreneurial atmosphere. However, this kind of intermediating role was attached to municipalities only when approaching them as single entities. While commenting on other kinds of mediating functions, particularly face-to-face advice, the interviewees focused on individual municipal officials.

5. Municipal officials as IAs

5.1 Municipal managers

The municipal manager is a civil servant who is in charge of the operational leadership of a municipality. He or she acts as a presenting official for the municipal executive board and has a key role in the strategic development of the municipality (Rannisto 2005, 106-107).

In both Birchdale and Chutrim, the municipal managers had recently changed, so the interviewees had little to say about the present office-holders. However, what emerged from the interviews is that the municipal managers contribute to the development of OFBD on a rather general level, such as deciding what kind of policy the municipality practices towards developing rural industries.

In Birchdale, the comments in interviews also concerned the former municipal manager. He was commented on by a farming couple practicing rural tourism. The couple characterised the former municipal manager as a cottage fan and a strong supporter of rural tourism. His views had been clearly in line with Birchdale's strategy of concentrating on summer cottages and culture (Mustakangas 2006).

Although the couple's business intersected with the municipal strategy, their

attitude towards the municipal manager was cynical. This cynicism stemmed from their difficulties in organising municipal day-care for their children close to their farm. Their experience was that the municipality wanted to concentrate the children's day-care in its population centre and was thus reluctant to organise it in rural areas. Also, the couple argued that the municipality took better care of the needs of summer residents than of the needs of its own citizens. As the municipal manager was drawn into the picture at the same time, mention of him was used to exemplify the municipal policy.

The municipal managers commented on themselves in both municipalities. Neither of them regarded themselves as key IAs in OFBD projects. In Birchdale, the municipal manager approached OFBD from the perspective of general industrial development. For instance, he regarded subcontracting as one of the most promising ways of promoting OFBD, since he believed that firms increasingly outsource their production. Moreover, like his predecessor, the municipal manager acted more as a visionary and a policy designer and was not deeply involved in developing OFBD in practice. When asked how OFBD had been promoted, he could give no clear answer. In the same breath, he defined himself as a bureaucrat. By taking the mantle of administrator, he expressed that it was not really his job to be involved in developing OFBD.

In Chutrim, the municipal manager defined her contribution more explicitly. She said that she had played a role in OFBD development projects but not a pivotal one. Although she felt that local citizens approach her easily, she felt that she has been more like an extra in developing OFBD.

Local citizens do also approach the municipal manager when the question is about diversification. For example, right now we are having negotiations and discussions on a project that relates to the storage of potatoes. So the municipal manager is one actor in the field of the farm business diversification. But primarily they are the municipal agriculture official, the local industrial promoter and then finally the municipal manager. (Municipal manager)

The municipal manager attributed the primary position in projects to the local industrial promoter and the municipal agriculture official. However, a more detailed analysis reveals that these officials are by no means equal in developing OFBD.

5.2 Local industrial promoters

As the core task of the local industrial promoters is the development of local industries, one could expect the promotion of OFBD to be a sub-field of their work. However, according to the interviews, their role in OFBD development projects is open to various interpretations and can be rather contested. The following findings are based on interviews with three municipal officials in Chutrim.

The municipal manager initially credited hardly any role to the local industrial promoter in developing OFBD. She noted that as the official works in a sub-regional development company, his main task is to contribute to general industrial policy. Simultaneously, she emphasised that the municipal agriculture official is primarily in

charge of developing OFBD at the municipal level. However, she later stated that sometimes the role of the local industrial promoter might be equally important. When it is hard to define which official the project belongs to, the local industrial promoter may also act as an IA. However, according to the interview, a personal contribution seems to matter in these kinds of cases. The local industrial promoter should not solely lean on his institutional position in the development of OFBD. As the municipal manager put it:

Who has been contributing to the development of OFBD? [Reading the question from the sheet of paper.] Like I said before, local industrial development belongs to the local development company when we speak about general industrial development. ... And usually it means other kinds of development than business within farms. And we have here the municipal agriculture official who is in charge of developing rural industries. ... But if we think about them as individuals, these officials would and should take part in rural development issues as sometimes the line between projects is a bit blurred. (Municipal manager)

The industrial promoter himself also regarded the municipal agriculture official as the primary IA. He described an arrangement for dividing their work, which was based on the organisation of project financing in the regional office of the state authority, the Employment and Economic Development Centre. If the project was financed by the Industrial Development Section of the Centre, the main actor was the local industrial promoter. Again, if the project was financed by the Rural Development Section, the municipal agriculture official took the lead. As the projects were usually financed by the Rural Development Section, the agriculture official acted as the primary IA in most cases. The arrangement between the two officials was based on an oral agreement.

The industrial promoter stressed the communication between him and the municipal agriculture official. When the financial arrangements of a project were not very clear, information exchange was extremely important. The local industrial promoter noted that the "borderline cases" had made the municipal agriculture official his closest partner in the municipality.

The municipal agriculture official did not mention anything about the borderline cases to which the local industrial promoter might contribute or about the information exchange between them. In fact, he stated that the establishment of the sub-regional development company separated the local industrial policy from the municipality. He saw the sub-regional development company as concentrating on the town plan area, which defined the development of rural industries as outside of its duties. Thus, the municipal agriculture official perceived the role of the local industrial promoter very differently from that person himself, who did not regard his sub-regional position as a problem. The local industrial promoter considered that he was doing the same things when working at the municipal level.

In Birchdale, the local industrial promoter worked at the municipal level. Unlike the local industrial promoter in Chutrim, he emphasised working in the municipality instead of the sub-regional organisation. According to him, working on the municipal

level guarantees that real contacts can be created with farmers. This is why the interviewee approached the sub-regionalisation of local industrial policy in a critical way.

Municipal industrial promoter: That operation model [sub-regionalisation] is ok, for example, for marketing or for some other activities, but it has been shown that entrepreneurs do not get to the centre of the sub-region as they walk in here. So, there must be somebody on the spot. Completing sub-regionalisation can therefore be a bit difficult in these kinds of tasks.

Interviewer: So this is needed.

Municipal industrial promoter: And I have also got to know these people. It is much easier to go to see someone you already know.

However, the interview revealed that the local industrial promoter was not deeply involved in facilitating OFBD, although he worked at the municipal level. He stated that the municipality had done hardly anything to facilitate OFBD, but did not make any personal reflections on his own contribution. Instead, he referred to the agricultural affairs section of the municipality and suggested that this section is primarily in charge of the development of OFBD. Thus, this person seemed to be somewhat blind to his favourable position in the municipality, although he regarded it as an advantage.

5.3 Municipal agriculture officials

Generally, the promotion of OFBD was included in the duties of the municipal agriculture official. One person stressing this was the municipal manager of Chutrim.

What has been done in developing OFBD in your municipality? [Reads the question from the sheet of paper]. Well, as a new municipal manager, my opinion is that we have a municipal agriculture official who has a permanent post. His work mainly concentrates on this topic, creating new opportunities for farms, their industrial development. It can relate to traditional agriculture or diversification. (Municipal manager)

The municipal agriculture officials were also mentioned by the interviewees who did not otherwise talk much about the municipal officials. Usually, these were farmers who concentrated on their business and thus did not have much contact with the municipality. Nevertheless, they valued the contribution of the municipal agriculture officials. The first quotation is from Chutrim, the latter from Birchdale.

Farmer: It is the municipal agriculture official who tries to encourage us.

Farmer's wife: And, well, we have not been in contact much with the other ones.

Farmer: In the municipality...it is of course a bit limited. Well, basically, only the agriculture official and the local industrial promoter try to impact on this business to some extent.

Both municipalities had very long-term municipal agriculture officials. In Birchdale, the person started working sixteen years ago. In Chutrim, the previous office-holder had recently retired after a thirty-year career. According to the interviews, their familiarity with local circumstances had helped them build trusting relationships with farmers. Their long careers were regarded as their assets.

One farmer from Chutrim made a clear distinction between the municipal agriculture official and other IAs working with OFBD development projects. He regarded the official as a farmers' fellow whose support should not only be professional in order to promote OFBD efficiently. The official should know the farmer so well that they can have a serious discussion about the overall situation of the farmer, which is, as the interviewee noted, the best moment for initiating new on-farm enterprises. According to the interviewee, other IAs such as projects managers cannot usually offer such personal advice.

The farmer regarded the task of the project class as paradoxical. People working with projects should guarantee that the activity initiated in the project continues on its own, which means that the IA becomes useless for the project. However, according to the farmer, IAs are often tempted to use the projects for their own purposes, which may hinder their successful implementation. However, the farmer did not apply the paradox to the municipal agriculture officials. Given that the municipal officials are permanent office-holders, the paradox is in fact hard to attach to them. Understandably, this kind of reasoning easily leads to advocating the municipal agriculture official as a key IA. As the farmer said:

Sometimes, regarding the results, there is too much paperwork and too much trouble. Too much depends on the project manager, how the business stays alive during the project and especially after it. So, in other words, project managers should make themselves useless and find something else to do after the project. So, if there is a real demand for the projects they are ok. But, basically, it culminates in the municipal agriculture official or municipal rural industrial promoter, whatever this position is called in different municipalities. I would say that at least half or even two thirds depends on how actively the work is done in there. (Farmer)

Both interviewed agriculture officials regarded themselves as key IAs. For instance, when asked who should be involved in developing OFBD in their municipality, the official from Chutrim stated: "Certainly, I am the key person here. So we do not have to look very far for him."

In Birchdale, the development of rural industries was also promoted by a municipal culture official. Particularly in promoting rural tourism, his work overlapped with that of the agriculture official. Consequently, the municipal agriculture official did not complain about the lack of time, which by contrast was the main problem of his colleague in Chutrim. The latter also took OFBD as a very personal challenge. When asked what should be done to promote OFBD, he concentrated on himself and complained that he would do more if his work allowed him to do so.

Interviewer: And here we have this kind of improvement suggestion concerning what should be done to promote OFBD in your municipality [Giving the question to the officer on a sheet of paper.]

Municipal agriculture official: A good question. If I could answer this properly many problems would probably be solved. But the thing is that there should be more time, so that I could visit and talk to the farmers about where they are now and what should be done. This is what I always miss. I simply do not have enough resources anymore, there is very seldom time for that. It is almost those moments when I make a visit with the expert from the Employment and Economic Development Centre as the farmers apply for investments subsidies that should determine whether the Centre finances them or not. But this is almost all.

The agriculture official did not say what takes up his time, but evidently the difficulties stemmed from his other duties. Municipal agriculture officials usually concentrate on the implementation of the CAP, and the extent to which they contribute to the development of rural industries depends more on their personal motivation (Mustakangas, Kiviniemi and Vihinen 2003, 118). Thus, balancing between the two tasks can be challenging if the development of OFBD is taken very personally.

The municipal manager of Chutrim approached the work of the municipal agriculture official more optimistically than the official himself. According to her, the municipality was able to offer tailor-made services to farmers. Thus, she seemed to believe that the municipal agriculture official had enough time to become acquainted with the overall situation of farmers. Keeping in mind that the municipal managers did not have very close contact with the ground, this conception can be regarded as rather idealized. It probably does not capture all the aspects of promoting OFBD in the municipality.

The municipal agriculture officials also act as IAs inside the municipal organisation, since they present the projects to municipal elected officials. In Chutrim, the municipal agriculture official complained that the local elected representatives were not interested in developing rural industries. According to him, the ultimate reason was the new municipal strategy that had recently been launched. As the new strategy concentrated on acquiring new residents in Chutrim, the promotion of rural industries had lost its attractiveness. The official assumed that the new strategic focus easily displaces the promotion of rural industries in municipal development.

6. Conclusions

This analysis was inspired by recent notions of the emergence of the project class in European rural development. What lesson can be learnt from the conceptual point of view? Evidently, on the European scale, the analysis provides only a small piece of new empirical evidence for the existence of the project class. Many relevant IAs were bypassed (See Kovách and Kristóf 2004, 20-24, Niska and Vesala 2007) as well as topics to be promoted by projects. However, focusing on this particular case interestingly sheds light on one of the most important settings in rural development in Finland. The study indicates that despite the mushrooming of new players in the

implementation of rural policy, municipalities are still key actors in developing rural industries, and projects may even crystallise their particular quality. This finding is of particular interest, since municipalities have been characterised as stiff and conservative actors whose role in contributing to rural development projects has been far from clear (Hyyryläinen and Uusitalo 2002, Mustakangas, Kiviniemi and Vihinen 2004).

According to the study, project financing is not as painful to put in practice in municipalities as previously noted (Katajamäki et al. 2001). This may indicate that project-based development is rooted in municipalities deeply enough that the projects are no longer regarded as an extra cost but as an essential tool for municipal development. This is why their financing was probably taken seriously and prioritised in municipal decision-making. However, it should be noted that municipalities might be more willing to finance projects related to OFBD than other kinds of projects, particularly those concentrating on the village milieu or local community development (See Mustakangas, Kiviniemi and Vihinen 2004). As OFBD development projects generate new economic activity and at best create new jobs, their financing can easily be justified from the point of view of general municipal development.

The analysis signals that projects can create room for local policy-making. This finding is in line with the notions of Goldsmith and Larsen (2004, 121), who state that EU development policies have opened up new political spaces at the local level. The room for manoeuvre may be particularly visible in projects promoting OFBD, since the development of farms otherwise takes place in a highly regulated and policy-determined working environment, as noted by some of the interviewees.

Municipalities use their room for manoeuvre when making decisions on project financing. Financing the project also means that this money cannot be allocated to any other use anymore. Thus, every project decision is a strategic act. By financing projects, municipalities guarantee that those farmers who are interested in projects have access to them. Respectively, by refusing to allocate money to certain projects, a municipality can act as a gatekeeper. The observation that project financing has a symbolic meaning indicates that even individual projects reflect the kind of policy a municipality practices in developing OFBD.

As the promotion of OFBD locates on the crossroads of rural, agricultural and local industrial policies, all three municipal officials could contribute to it. However, there are clear differences in how their roles are perceived. From the farmers' point of view, municipal managers and local industrial promoters seem to be rather distant actors to promote OFBD. The officials by themselves were also reluctant to adopt the role of IA. The primary position was given to the municipal agriculture officials. According to the study, municipal agriculture officials also have more personal affiliations in promoting the development of OFBD than the two other municipal officials (See Andersson, Eklund and Lehtola 2006, 52).

Municipal agriculture officials carry out the ground work for financing projects in municipal decision-making, but they also contribute to them more personally. Working face-to-face with farmers, they have gained an asset which, according to the study, is of particular importance in promoting OFBD: familiarity with local circumstances and trustful relations with farmers. Simultaneously, the study reveals the kind

of intellectual property on which the role of the municipal agriculture officials is actually based. The mediating position of these officials is not built primarily on project expertise, as could be expected by the conceptualisations of Kovách and Kučerová (2009) but more on their lay knowledge of the situations of farms in the municipality. As several scholars have suggested earlier, the municipal agriculture officials in Finland seem to act like farmers' friends, who facilitate the interaction between the farmers and the administration (Aakkula et al. 2006, 43-44, Juntti and Potter 2002). A reliable reputation may play an increasingly important role in project-based development, which is characterised by instability, the peculiar composition of participating actors and a variety of interests.

The findings reveal peculiar characteristics regarding the legitimisation of the municipal officials as project class members. According to the theory of the project class, the requirement of a continuous legitimisation process should apply to municipal officials as to any other project class member. However, based on this study, the situation of the municipal agriculture officials is somewhat different. These officials were regarded as reliable project actors since they had worked in their municipalities for long and thus became acquainted with farmers and gained a reliable reputation among them. Thus, it seems that municipal agriculture officials may partially legitimate their position by means of their conventional duties, and this position is probably more stable than the one legitimated purely by project expertise.

Further, this study gives no signal that municipal officials would be interested in using the projects for their own purposes as the theory of the project class may indicate. Indeed, as municipal officials contribute to the development of OFBD by virtue of their office, it is hard to imagine how they could gain from the projects, at least in financial terms. It is also difficult to find evidence from the empirical material which would refer to elitism regarding to this special group of the project class. Municipal agriculture officials were noted to be like the farmers' fellows and municipal managers and local industrial promoters just distant actors. Another reason why elitism seems rather far-fetched in this study might relate to Finnish administration culture. In Finland, civil servants have generally been regarded as competent and reliable actors who primarily work for the public good (see e.g. Salminen and Ikola-Norrbacka 2009).

However, the risk of elitism cannot be totally ignored. As noted by Valve (2003, 35-36), the central role of the local authorities in implementing EU development policies has meant that at the same time, they have defined the conditions for initiating the projects. Drawing from case studies in the UK, Sweden and Finland, Valve concludes that the dominant role of local authorities has suppressed the possibilities of other local actors to initiate projects from their own starting points. Thus, in the context of existing organisational structures, elitism might relate more to policy formulation than to the establishment of new project class positions.

In all, this study indicates that municipalities seem to be desired actors for contributing to rural development projects, and in particular the role of municipal agriculture officials as mediators is appreciated. Regarding the ongoing legislative work for re-organising the agricultural administration of municipalities, these findings could be regarded as informative. When re-organising the work of municipal agriculture officials into bigger units, there is the threat that local expertise gets lost. Much

depends on the political decision-making of municipalities on how they organise the work of municipal agriculture officials in practice. Is there the political will to guarantee that municipal agriculture officials may use their expertise in developing rural industries, or should they concentrate only on the implementation of agricultural policy? Despite the personal motivation of municipal agriculture officials to contribute to the promotion of OFBD, it is the municipality, especially local elected representatives that finally determine the conditions of municipal officials to carry out their work in rural development.

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