

Policy Brief: *Enhancing the competitiveness of SMEs in the organic sector (1000-1200 words max.)*

1. Overview of the Agri-food sector in the South Ostrobothnia region

- From the perspective of supporting organic sector development, what is the relevance of agri-food sector to your region's economy? Consider this in the context of promoting SME competitiveness and sustainability in your region.

Finland is the country of four seasons. Agri-food sector in Finland is characterized by the northern climate and the most suitable varieties and cereals for Finnish climate are able to grow in short growing period. In Finland, there were 50 388 conventional farms in 2016. Average field size was 45 ha. Over 241000 field hectares – 10% out of the total cultivated area – are in organic cultivation.

Grassland and cereal production is the most common production line among Finnish farms and e.g. unrefined oat is exported approximately 300 M kg every year. **Dairy farming is the biggest domestic animal sector in Finland.** The amount of farms has decreased in Finland during recent years but the size of farms has increased at the same time.

In South Ostrobothnia region, there are 191 869 inhabitants (2016) which is share of 3,5 % inhabitants of the entire country. The region has large number of SME's, almost 15 000 enterprises. The region is well known of the entrepreneurial spirit.

South Ostrobothnia is a region of strong primary production. Agriculture and the food industry have a major impact on the economy of South Ostrobothnia, over 25% of GDP. Especially animal production is diverse and there are lot of big animal farms. Share of people working within farming is highest of all regions in Finland, 12 %. Additionally big food refining enterprises possess marked impact in the area. Smaller refiners, refining on farm scale and special production is not that common. Share of personnel working within food industry is high, 3,6 %.

It is seen that in South Ostrobothnia has entrepreneurial and skilled farmers that are the strength of the agri-food sector of the region.



2. Policy context - Current regional support measures.

- Outline the main elements of your region's agri-food policy that apply to the organic sector. Consider the role of these policies in supporting SME competitiveness and sustainability

The policy environment is the same in the entire Finland. The rural development policy of EU is financed by **European Agricultural Fund for Rural Development (EAFRD)**. Different nations have their own development program to allocate the support. In Finland, there is **Rural Development Programme (RDP) for mainland Finland**. This rural development programme includes several support forms. **South Ostrobothnia Economic Development, Transport and Environment Centres (ELY) or Leader**, mainly admits different support for farms and enterprises of rural areas. Four Leader group operates in the region. Different forms of projects financed by regional ELY Centre or Leader are mainly the same; however, Leader is more free form of funding. The national **Agency for Rural Affairs (Mavi)** operates in the region and it is responsible for the use of funds of the European Agricultural Guarantee Fund (EAGF) and the EAFRD. Mavi operates in close cooperation with regional ELY, Leader groups and the Finnish **Ministry of Agriculture and Forestry (MMM)**. Ministry of Agriculture and Rural Development sporadically releases financing programmes for agri-food sector, out of governmental funds. **The Regional Council of South Ostrobothnia** is a statutory federation of municipalities consisting of 17 municipalities achieving the goals set in **the South Ostrobothnia Regional Strategy**. The council is in responsible for South Ostrobothnia regional development and grants regional, national and EU-level project financing in close cooperation with ELY and Leader. South Ostrobothnia region's agri-food policy contain also organic sector but unfortunately, it does not appear in the policy decisions that clearly.

Summarise the key measures and instruments (EU, national, regional) that can support your regional organic sector.

Instrument*	Responsible**	Beneficiary	Financial contribution***	Production	Processing	Commercialisation & marketing	Training & advice	Education	Innovation	Governance	Value chain efficiency &
Organic farming payment	ELY	Organic farmers	-crop production 160 €/ha -animal production additional 134 €/ha -field scale vegetables 600 €/ ha	x							
EAFRD: Cooperation project: Coordination and activation project	ELY/ Leader	Enterprises, primary production or forestry	100 %	x	x	x					
EAFRD: Cooperation project: Project for gathering information	ELY/ Leader	Enterprises, primary production or forestry	80 %	x	x		x			x	
EAFRD: Cooperation project: Development project of products, services and processes	ELY/ Leader	Enterprises on primary production, forestry and small enterprises on rural areas	60 %	x	x	x				x	x
EAFRD: Cooperation project: Development	ELY/ Leader	Only enterprises	75 %		x	x	x	x	x	x	x

project for group of enterprises	European Union	European Regional Development Fund									
EAFRD: Cooperation project: Education project	ELY / Leader	Group of enterprises, not primary production or forestry	75 %					x			
EAFRD: Education project	ELY/ Leader	Farmers, forest owners, entrepreneurs and employees of food processing	90 %	x				x			
RDP: Support for investments on farms	ELY	Farms	Payment levels vary depending on the investment target.	x	x					x	
RDP: Support for enterprises	ELY/ Leader	SME's on rural areas	Payment level varies			x	x	x	x	x	x
RDP: Structural fund	ELY, Regional Council of Tampere and South Ostrobothnia	Organisations, enterprises, associations, RDI	Payment level varies			x	x	x	x	x	x
School delivery programme	MAVI	Schools and day care canterers	bigger support for organic products			x					

*Refers to relevant European Investment or Structural Funds e.g. ERDF, EAFRD or national fund if applicable

** Refers to relevant managing authorities e.g. EU, national, regional if applicable

*** Refers to relevant EU, national, regional co-financing

3. Relevance of the regional policy support for the development and implementation of your action plan

- Provide an assessment of relevant policies (which may include those outlined in question 2 and/or others) that can facilitate the development and implementation of your action plan. This should consider policies:
 - (a) developed within/by your region and
 - (b) national and/or European policies implemented in your region
- What are opportunities and barriers associated policy instruments that your plan will include to support SME competitiveness and sustainability. Consider what is working, what could be improved, what is missing etc

The programs and funds presented, can be used to implement some actions proposed in the South Ostrobothnia Organic Action Plan. In South Ostrobothnia region, it will be necessary to find ways to apply for funding for conventional production that can also be applied to organic at the same time.

Regional stakeholders, which represents regional or national development companies and associations can also apply project funding from the presented programs and funds and hereby support the implementation of the regional organic action plan.

4. Recommendations for regional policymakers to improve the current policy environment

- Based on your experience of action plan development and after reviewing the [ORGAP Golden Rules](#) consider what is still needed from EU, national and regional policymakers to support
 - (a) the development of new initiatives and
 - (b) better implementation of existing initiatives, to support SME competitiveness and sustainability.

Please provide specific examples

In South Ostrobothnia region, it is needed easier access to investment funds. Especially organic SME producers needs support for processing and marketing. The entire region



European Union | European Regional Development Fund.
needs funds for dissemination organic information and establishing regional organic spirit. Also more support is needed for establishing new organic companies and farms. The young farmers needs more training and advising, also financial support. Organic initiatives should be accepted more easily under RDP implemented in the region.