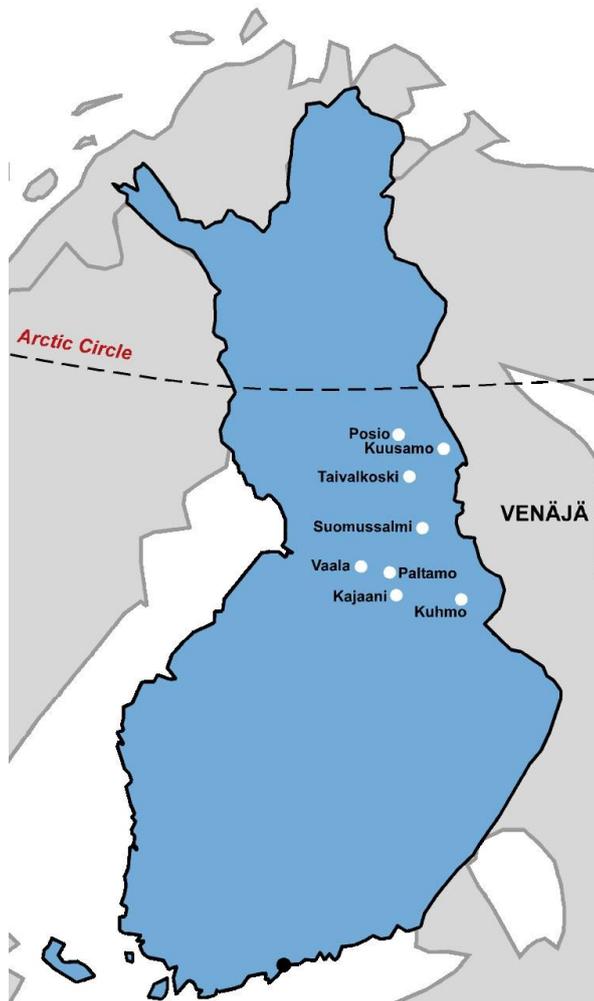


KAINUU AND KOILLISMAA, NORTH-EAST FINLAND FLAG STRATEGY SUMMARY

Presentation and distinctive features of the territory

The Kainuu and Koillismaa inland FLAG area covers eight large municipalities in North-East of Finland: Kajaani, Kuhmo, Kuusamo, Paltamo, Posio, Suomussalmi, Taivalkoski and Vaala. The total area is 46 000 km², of which the abundant lakes cover 14% (6 500 km²). The total population is 163 000 and the population density only 3.5 inhabitants per square kilometre. Many indicators such as high unemployment (14%) and dependance on primary production (13%) show that that the area is one of the most lagging ones in Finland, gradually losing its population.



The total fish catch of the area is 3 400 tons per year. Muikku and pike-perch are the most important species in commercial terms. The area has almost 100 professional fishermen, 40 entrepreneurs working with aquaculture and 15 entrepreneurs living on processing and trade. Part-time, touristic and game fishermen catching for their own household consumption multiply the numbers: they catch more than half of the annual pike-perch catch, for example. Since 2000, the total value of

fisheries has been steadily increasing, in average by 3.6% per year. In the sparsely populated area the jobs created are very significant as there are few alternative businesses providing jobs.

Analysis of the territory

The strategy is based on a detailed SWOT analysis. The data was collected through a survey among the FLAG stakeholders.

Strengths	Weaknesses
<ul style="list-style-type: none"> - strong brand and good image of local fish products - clean and abundant lakes, also attractive for tourists - tourists and tourism infrastructure - fishing and processing know-how - innovative processing companies - sustainable fishing and strong fish stocks - nature-based fishing traditions - unique small-sized muikku products - clear seasons: <ul style="list-style-type: none"> ☒ annual fish stock regeneration ☒ annual harvesting ☒ winter fishing techniques ☒ cold water prevents disease and improves the taste of fish 	<ul style="list-style-type: none"> - long distances increase costs - main market areas are far away in Oulu and Southern Finland - product range is narrow, leading to low utility rate of the equipment - inadequate business know-how - dispersed production - logistics and low profitability - insufficient fishing harbours and processing facilities - fishing-related civil sector and NGOs not well developed - restrictive foodstuffs legislation, low rate of frozen deliveries - ageing fleet - lack of investments - ageing entrepreneurs, lack of business transfer - health care and health problems of the fishermen - fishing techniques not modernised - lack of seasonal labour - short growing season and small-sized fish that are hard to process mechanically
Opportunities	Threats
<ul style="list-style-type: none"> - sustainability and fish stocks allow growth - introduction of new technology (traps, processing) - exporting via cooperative networks - logistics and cooperation development - tourism utilisation, slow food and programme services - market-based product design - new fish species in aquaculture - improvements of working conditions and safety - healthy, clean and local image of fish 	<ul style="list-style-type: none"> - ageing entrepreneurs - unsuccessful modernisation of traps, fleet and processing facilities (profitability) - lack of skilled labour - increase of production costs - cheap imported products - continuing reduction of fish real price - continuously changing and restricting foodstuffs legislation - concentration of trade in bigger units (lower opportunity to impact and get involved) - climate warming rising the lake water temperature

Objectives, axes of development and their dedicated budgets

The objectives and measures of the strategy are derived from the SWOT analysis. They are collected under two axes: 1) improving the market accessibility and 2) renewing and strengthening the fishing industry. The red line throughout the strategy is encouraging all stakeholders to

cooperate more. The strategy has both launching and collecting power. The networks aim to create a local fisheries cluster in which training and research institutions are also involved.

Vision 2013

Fisheries in Kainuu and Koillismaa are a nationally well-known example of how to succeed within a traditional rural industry through cooperation, effective logistics, market-based product design and the introduction of new technology.

Fisheries are closely linked with the tourism sector, creating added value for tourism and benefiting from extended markets.

The development and renewal efforts have lead to better continuity of the industry through generation changes and new companies. The industry has a positive and attractive image.

The total budget of the strategy for 2008-13 is 1 824 000 Euros. The public funding share is 75%, of which 12% is paid by the local municipalities and rest by the EU and the state. The administration costs are only 28 000 Euros per year but in addition the FLAG has its own animation project that hires the coordinator. The funds have not been pre-allocated between the two axes but the project applications are evaluated and selected for funding on a case by case basis.

The first axis, “Improving the market accessibility”, consists of eight measures:

1. Improving logistics
2. Developing and introducing new technologies
3. Applying ICT
4. Promoting cooperation
5. Lifting the processing rate and value
6. Designing new market-based products
7. Promoting fish as locally produced slow food and increasing links with tourism
8. Increasing know-how on exporting

The second axis, “Renewing and strengthening the fishing industry”, has four measures:

1. Improving working conditions and safety
2. Improving business know-how
3. Safeguarding the continuity of the industry
4. Creating a positive image for the industry

The project application evaluation criteria are as follows:

1. Relevance to the strategy (in line with objectives)
2. Complementarity (couldn't be supported by other programmes)
3. Strategy implementation (supports generation of new jobs, companies, networks etc.)
4. LEADER principles (bottom-up, innovation, sustainability etc.)
5. Transferability (the project idea is transferable)
6. Realism (objectives, resources, timetable, know-how)
7. Economics (economic capabilities, private funding share, cost-benefit ratio)
8. Continuity (permanent results, actions don't stop when the project stops)

Value added in comparison with other strategies

The strategy is in line with the European and Finnish national fisheries development strategies, especially in terms of supporting the cluster, business know-how and networking objectives of the regional level. At an EU level it can offer an example of a sustainably managed fisheries area where fish stocks are underused and offer potential for rural job generation. It also implements the regional rural development strategies of Northern Ostrobothnia for 2007-13, for example by developing logistics, product design and processing value. The same issues are mentioned in the regional natural resources management programme.

At sub-regional and local levels the strategy fits together with three LEADER programmes and eight municipal business development strategies. Kuusamo municipality also has its own rural development strategy. All papers aim at maintaining and improving the profitability and continuity of the industry.

The FLAG strategy is the only one on regional level that aims its resources solely for fisheries development. The value added derives from deeper and more specified, needs-driven initiatives than other strategies (where fisheries often play a rather marginal role) could produce. There is a special focus on animation work and outreach to stakeholders in the early stages. The potential of the FLAG lies in its ability to bring the dispersed actors together to work towards a common goal.

Structure of the partnership and involvement of local actors

The strategy was designed and is being implemented on the basis of a consortium contract between three LEADER groups that work in the region. Oulujarvi LEADER Association administrates the strategy. It hosts a Fisheries Committee that coordinates the implementation and evaluates the feasibility of the project applications 1-3 times a year. The Committee has nine members, three from each LEADER group area, representing fishermen, trade and processing entrepreneurs, consulting organisations, land and lake owners, NGOs, municipalities and LEADER boards. One third of members come from the private sector, one third from the public sector and one third from civil society. Members have personal substitutes. The initial Committee ends its work in 2010 and the stakeholders elect a new one to continue in 2011-13.

The team that developed the strategy was also coordinated by Oulujarvi LEADER and it had 16 members representing different stakeholders. The team carried out a telephone survey covering 30% of the local fisheries actors. The purpose of the survey was to test the feasibility of the chosen development measures as well as to commit actors to implement the strategy. 85% of the interviewees considered the measures useful from their own business point of view. Cooperation and marketing development got the highest support.

Expected results for the territory

The strategy defines both quantitative and qualitative results expected and sets indicators that help follow the progress:

Quantitative results

- 3 new companies, of which 2 cooperatives
- 10 new jobs

- 5 company sales or business transfers
- 20 new products or services
- 100 training events with 750 participants
- 50 companies involved in development projects

Qualitative results

- product and service quality improves (number of new quality management systems, systemised customer feedback etc)
- bottom-up empowerment (number of projects, networks, training participants)
- know-how increases (number of training days provided)
- new cooperation models (actors can name examples)
- cluster formation (actors can describe)