In accordance with the decision made by Parliament, the following is enacted:

Chapter 1
General provisions

Section 1
Purpose
The purpose of this Act is the establishment of a regional development system, based on interaction and networking, that creates the preconditions for the balanced development of different regions and wellbeing based on sustainable development and economic growth.

Section 2
Scope of application
This Act applies to the development of the regions, the preparation and implementation of plans and programmes concerning regional development, and the coordination and monitoring thereof. The provisions in the Structural Fund Act (1401/2006), or other acts, apply to the implementation of programmes co-financed from Structural Funds of the European Community and the management of funding from structural funds and the corresponding national co-financing.

Section 3
Definitions
For the purposes of this Act:
1) region refers to the areas of a region as specified in the Division into Regions Act (1159/1997) or the areas of operation of state regional government authorities;
2) regional structural fund programmes refer to operational programmes co-financed from the European Regional Development Fund related to the Regional Competitiveness and Employment objective and the European Territorial Cooperation objective and technical assistance measures;
3) Structural fund resources refer to structural fund resources granted to Finland from the budget of the European Communities by the Commission of the European Communities.

Section 4
Regional development objectives
Regional development objectives are
1) to strengthen the national and international competitiveness of regions;
2) to promote an economic balance and the development of industrial and commercial activity;
3) to promote sustainable employment;
4) to reduce differences between and within regions in terms of their level of development and enhance their own strengths and specialisation;
5) to promote the wellbeing and competence of the population and to support the regional culture;
6) to enhance the quality of the living environment and a sustainable regional and community structure.

Section 5
Responsibility for regional development
The municipalities and the State are responsible for regional development as provided in this Act. The Regional Council as the regional development authority is responsible for the management of functions related to regional development within the region. Regional Councils are joint municipal boards, of which the municipalities in the region must be members.
Section 6
Planning of regional development
For the purpose of developing areas within the region, the Regional Council draws up a regional plan, as referred to in section 25 of the Land Use and Building Act (132/1999), and a regional strategic programme outlining the objectives of regional development over the next few years. Moreover, Regional Structural Fund programmes of the European Community are also drawn up for the purpose of regional development.
The Government decides on national regional development objectives. Special programmes and Government resolutions can be drawn up for the specification and attainment of these objectives. Ministries key to regional development specify the objectives and measures of regional development for their administrative branch, as part of the planning for that sector. Implementation of the plans and programmes referred to in subsections (1) and (2) above can be financed within the limits of the Budget.

Chapter 2
Authorities and organs

Section 7
Functions of the Ministry of Employment and the Economy
The Ministry of Employment and the Economy is responsible for the preparation of national objectives for regional development and for coordinating, monitoring and evaluating the preparation and implementation of regional strategic and other programmes in accordance with this Act, in cooperation with ministries, Regional Councils and other parties key to regional development.
The Ministry of Employment and the Economy may issue instructions to the Regional Councils on the preparation, implementation, monitoring and evaluation of the regional strategic programme and other programmes in accordance with this Act.

Section 8
Regional and Structural Policy Advisory Council
For the purpose of regional development and the coordination, foresight, monitoring and evaluation of the preparation and implementation of related plans and programmes, a Regional and Structural Policy Advisory Council works under the Ministry of Employment and the Economy. The Advisory Council has the following specific duties:
1) to coordinate the implementation of objectives and programmes concerning the development of national regions, and the implementation of programmes relating to structural funds, the European Agricultural Fund for Rural Development (EAFRD) and the European Fisheries Fund (EFF);
2) to monitor the profitability of both national regional development programmes and structural fund programmes, and to assess their effectiveness and report on their progress to the Ministry of Employment and the Economy.
Moreover, the Regional and Structural Policy Advisory Council can submit proposals, for the purpose of enhancing coordination and impressiveness, to the Ministry of Employment and the Economy and competent administrative authorities as referred to in sections 7 and 27 of the Structural Fund Act, and monitoring committees as referred to in section 25.
The Government sets up the advisory council and appoints its chair. The Ministry of Employment and the Economy decides on changes to the membership of the advisory council.
Provisions concerning the composition, term, and more specific duties of the advisory council are laid down by Government decree.

Section 9
Committees
Committees may be appointed for the purpose of coordinating the preparation and implementation of special programmes, Government resolutions and other entities significant in terms of regional policy, referred to in this Act, and for the purpose of foresight, monitoring and evaluation. Ministries and legal persons of major significance in regional development shall be represented on said
committees. The Government sets up the committees and appoints their chairs. The Ministry of Employment and the Economy decides on changes to the membership of each committee. More specific provisions concerning the composition and tasks of the committees and their term of appointment and working methods may be laid down by Government decree.

Section 10

Functions of Regional Councils

Regional Councils
1) are responsible for general development in their region, working in cooperation with State authorities;
2) are responsible for drawing up and approving the regional plan and the regional strategic programme;
3) draw up an annual regional strategic programme implementation plan based on the regional strategic programme, in cooperation with the State authorities, municipalities and other parties involved in financing the regional strategic programme, and approve the regional strategic programme implementation plan, while negotiating on the targeting of measures and appropriations related to implementation of the plan in connection with the performance management of regional administrative authorities participating in the implementation, and corresponding procedures of other parties;
4) participate in strategic planning and steering of state regional authorities in order to take account of regional development objectives;
5) are responsible for drawing up programme proposals for the region regarding regional Structural Fund programmes;
6) are responsible for coordinating foresight concerning regional long- and medium-term educational needs and preparing regional educational objectives as part of the development planning of education and research, are responsible for launching the planning process concerning transport system plans, excluding the Helsinki region transport system plan, and concerning regional extensive plans regarding natural resources and the environment, managing the related cooperation and coordinating said planning with the planning of the region;
7) prepare the priority order for project proposals by municipalities and other education providers;
8) appoint Regional Arts Councils and Sports Councils;
9) promote joint service, as referred to in the Act on joint services of public administration (223/2007), in their region;
10) promote cooperation between municipalities and regions;
11) promote cooperation with Centres for Economic Development, Transport and the Environment and legal persons who, under public and civil law, are key to regional development;
12) are responsible for the coordination of foresight in the region, and evaluate and monitor the development of the region and parts thereof;
13) manage international matters and contacts related to their functions;
14) perform other duties laid down for them in this Act.
Regional Councils comprising both unilingual and bilingual municipalities must establish an organ for the development of the lingual services of the region.

Section 11

Cooperation areas of Regional Councils

To organise collaboration between Regional Councils, the country is divided into Regional Council cooperation areas in the manner provided under this Act. As concerns the tasks referred to in section 12, each Regional Council can only belong to one cooperation area. The cooperation area of Regional Councils must form an entity functionally and economically equipped for the management of the tasks subject to cooperation. The division into cooperation areas shall be taken into account when forming the operating areas of Centres for Economic Development, Transport and the Environment that manage all tasks falling under the Centre’s authority.

Section 12
Tasks to be managed in cooperation
As concerns tasks as referred to in section 10, handling and related decision-making falls within the sphere of Regional Councils’ cooperation if such tasks
1) are significant in terms of the long-term development of the region;
2) are included in regional strategic programmes and the plans for their implementation, or other plans of considerable impact in terms of regional development; and
3) concern the entire cooperation area.
Member municipalities of Regional Councils belonging to a cooperation area can, through concordant decisions, or through a basic agreement, delegate other tasks related to regional development or regional planning, for joint consideration and handling.

Section 13
Arrangements for decision-making in the cooperation area
Member municipalities of Regional Councils belonging to a cooperation area must agree on arranging the handling of and decision-making on matters falling within the scope of cooperation, either so that the Regional Councils’ common organ exercises decision-making power, or so that Regional Councils exercise decision-making power through concordant decisions.
Regional Councils belonging to a cooperation area must agree on the preparation of matters jointly handled and considered, and the related responsibilities.

Section 14
Regional Councils’ common organ and the election thereof
Regional assemblies of Regional Councils belonging to the cooperation area appoint a common organ and elect members thereto, if so provided in the cooperation agreement as referred to in subsection 2. Otherwise, the Regional Council member municipalities belonging to the cooperation area appoint a common organ and elect members thereto in the same context and using the same procedure as when electing their representatives for the regional assembly of Regional Councils.
The shares of votes of groups represented in the organ shall, when elected, correspond to the share of votes in municipal elections of the different groups represented on member municipalities’ municipal councils, within each member municipality of the Regional Councils belonging to the cooperation area, in accordance with the relativity principle as laid down in the Election Act (714/1998).
If a decision is made to elect the common organ, as referred to in subsection 1, mid-term as per the term of office defined according to municipal elections, regional assemblies of Regional Councils belonging to the cooperation area will elect members thereto for the first time.
The number of members of the common organ and the grounds of voting powers, the organ’s tasks beyond those laid down by law, and other matters essential to arranging cooperation shall be agreed in the cooperation agreement between the regions belonging to the cooperation area. As concerns the approval of the agreement, the provisions laid down in section 79(1) of the Local Government Act (365/1995) on the basic agreement of joint municipal boards shall apply.

Section 15
Agreeing on cooperation and obligation thereto
Regional Councils’ member municipalities located within the prospective cooperation area must agree on matters referred to in sections 11—14 no later than on 31 March 2010.
If the member municipalities of Regional Councils do not agree on arranging cooperation within the aforementioned deadline, the Government can obligate the Regional Councils within the cooperation area and their member municipalities to initiate negotiations concerning cooperation and, concurrently, order that cooperation be launched on any necessary matters. This Government order shall remain valid until the member municipalities of Regional Councils belonging to the cooperation area reach an agreement on cooperation.
If Regional Councils fail to make concordant decisions as referred to in section 13(1), and this causes considerable damage to cooperation between the state and municipalities in regional development, the Government can obligate member municipalities to establish a common organ as referred to in the aforementioned section.
Section 16
Other cooperation between Regional Councils
Regional Councils may agree on cooperation in matters other than those referred to in section 12, if so necessary in order to facilitate the appropriate management of tasks as referred to in section 10(1).

Section 17
Regional Management Committee
Each region shall have a regional management committee for the coordination of measures with an effect on the development of the region and the implementation of Structural Fund programmes. The management committee shall be appointed by the Board of the Regional Council. The management committee shall represent the following equally:
1) the Regional Council and its member municipalities and, in the case of the Lapland Region, the Sami Parliament;
2) the State authorities and other State administration organisations financing the programme;
3) parties key to the development of the region, such as labour market and trade organisations, and other organisations representing civic society or environmental organisations, and organisations promoting gender equality.
The representatives of the Regional Council and its member municipalities shall be elected for the term of the Municipal Council and the representation of the Sami Parliament for the term of the Sami Parliament. The representatives and their personal deputy representatives shall be appointed, upon the proposal of the parties referred to in subsection 2.
The Board of the Regional Council shall appoint the chairperson of the management committee, who shall be an elected official referred to in the Local Government Act and, upon the proposal of the parties referred to in subsection 2, three deputy chairpersons, who shall be members of the management committee.
The management committee can appoint a rural division for the regional consideration of measures financed from the EAFRD and the coordination thereof with other regional measures.
The chairperson of the division shall be a representative of the Centre for Economic Development, Transport and the Environment. Provisions concerning the rural division’s more specific tasks, and composition, can be laid down by Government decree.
In addition, the management committee may appoint other divisions for the preparation of matters handled by the management committee, and invite experts to attend the management committee.

Section 18
The tasks of the regional management committee
The Regional Management Committee
1) shall coordinate the strategic entity of regional development;
2) shall handle the regional strategic programme and its implementation plan;
3) shall handle the proposals by the Centre for Economic Development, Transport and the Environment and, as appropriate, the Regional State Administrative Agency, for the strategic performance guidance document;
4) shall coordinate the implementation and financing of the regional strategic programme and the special programmes as referred to in section 24;
5) shall handle projects which are significant with regard to regional development prepared by the ministry granting the financing, an authority within its administrative branch or some other actor, or by the Regional Council, and issue an opinion thereon to the party granting the financing; the projects to be handled by the management committee shall be defined in more detail in the rules of procedure; however, in such a way that business projects containing information subject to business secrecy may not be handled by the management committee;
6) may also attend to other tasks affecting regional development and relating to the co-ordination of the implementation of Structural Fund programmes and measures, or related tasks, which shall, where necessary, be specified in the rules of procedure unless said tasks have been prescribed for other authorities.
In addition, the Regional Management Committee shall manage the tasks laid down in section 21 of the Structural Fund Act.

Section 19
The position of the members of the regional management committee
The members of the regional management committee and the divisions appointed by it shall attend to their duties, subject to civil-servant liability. Provisions for liability for damages are laid down in the Tort Liability Act (412/1974). As concerns members, the provisions in section 32 b, section 33, section 34 (1)(1), sections 36—41 and 43 of the Local Government Act on elected officials shall apply. A person who is permanently employed by the Regional Council may, however, be elected a member of the management committee.

The provisions of section 42 of the Local Government Act on elected officials shall apply to the fees and compensation for loss of income payable to the representatives referred to in section 17(2)(1) and (3) above, as well as to compensation for travel costs and other expenses incurred by their attendance to their duties. The fees and compensations payable to the representatives referred to in paragraph (2) of said subsection shall be the liability of the party that the member represents.

Section 20
Secretariat of the regional management committee
The regional management committee shall have a secretariat in which authorities referred to in section 17(2)(1) and (2) are represented. The regional management committee shall decide on the composition of the secretariat in such a way that the representation of authorities is equitable. The secretariat shall attend to the preparation, presentation and implementation of the issues of the management committee.

In addition to the provisions laid down in subsection 2, the secretariat shall, for the purpose of coordination, examine and monitor nationally funded projects prepared in the region, and those of Structural Fund programmes, the EAFRD and EFF, and report on them to the management committee.

Section 21
Decision-making and administrative procedure in the regional management committee
Unless otherwise provided hereinafter, the provisions of sections 50, 54 and 55 as well as 57-62 of the Local Government Act shall apply to decision-making and administrative procedures within the regional management committee. In other respects, the Administrative Procedure Act (434/2003) shall apply to administrative procedures within the management committee.

The Regional Council shall confirm the rules of procedure of the regional management committee, approved by the management committee, which shall specify the preparation, presentation and decision-making of any issue placed before the management committee, and the setting up of divisions, their compositions and tasks, in more detail. In other respects, the provisions of the Local Government Act on rules of procedure shall, where applicable, apply.

The management committee shall aim at unanimity in its decision-making. If a decision cannot be made unanimously, the decision shall be based on the opinion seconded by two-thirds of those voting.

In a matter referred to in section 18(1)(5) above, the party responsible for financing may not grant Structural Fund support for a project if the management committee has not supported the project. However, the favourable opinion of the management committee does not bind the party responsible for financing, provided there are weighty grounds thereto. If, regardless of the favourable opinion of the management committee, the party responsible for financing intends to make a financing decision deviating from said opinion, it shall inform the management committee thereof and provide weighty grounds for said decision. The decisions of the management committee relating to an opinion are not subject to separate appeal.

Chapter 3
Programme work
Section 22
National regional development objectives
The Government decides on national regional development objectives for a fixed period, for the purpose of directing and coordinating the development objectives of various administrative branches and areas within regions. The Government decision includes the regional development objectives alongside focus areas for development measures for the Government’s term of office. Moreover, the decision specifies the ministries that must plan the activities of their administrative branch in order to promote regional development. The decision specifies special programmes and resolutions contributing to the implementation of regional development objectives. Authorities shall take account of national regional development objectives, promote their implementation and assess the impacts of their regional development measures.
More specific provisions on the contents of national regional development objectives and their monitoring may be laid down in a Government decree.

Section 23
Regional development by administrative branch
The ministries referred to above, in section 22(1), will, on the basis of national regional development objectives, prepare a regional strategy for a fixed period for their respective administrative branches, as part of the planning of said branch. Under the regional strategy, the regional development objectives and measures of the administrative branch are specified, alongside principles for the regional targeting of measures and for their financing, taking account of the regions’ development objectives.
More specific provisions on the contents of regional strategy, the schedule, and procedure to be complied with may be laid down in a Government decree.

Section 24
Special programmes
Fixed-term special programmes can be drawn up in order to achieve national regional development objectives. These programmes are subject to approval by the Government. Programme proposals concerning the regional implementation of special programmes can be drawn up by the region’s corporations and foundations, under public and private law. Regional programme proposals must be coordinated with regional strategic programmes. Regional programmes are approved by the relevant ministry or Regional Council.
More specific provisions on the objectives and contents of special programmes, and the procedure to be complied with when preparing, executing, monitoring and evaluating them, are laid down in a Government decree.

Section 25
Regional Strategic Programme
The Regional Council draws up a fixed-term regional strategic programme. This includes development objectives based on the region’s potential, needs and special characteristics, the most important projects in terms of regional development, and other measures essential to achieving the set objectives and financing the planned programme and, if necessary, a specification of municipal cooperation areas. In the Lapland Region, the regional strategic programme shall include a section on the Sami culture.
When the regional strategic programme is drawn up, attention must be paid to the regional plan, national regional development objectives, regional strategies in various administrative branches, and other programmes concerning the region, as referred to in this Act. The regional strategic programme shall be drawn up so as to ensure its impact on the strategic planning and steering of the Centres for Economic Development, Transport and the Environment and as necessary, that of Regional State Administrative Agencies.
Regional strategic programmes shall be drawn up jointly by State authorities, municipalities, bodies and organisations involved in regional development, and other similar parties. In the Lapland Region, the section on the Sami culture is drawn up by the Sami Parliament. The regional strategic
programme shall be drawn up for four years at a time based on the term of municipal councils. It shall be approved by the Regional Council’s highest decision-making body. If necessary, the regional strategic programme will be revised. Authorities shall take regional strategic programmes and their implementation plans into account in their operations, promote their implementation and evaluate the effects of their actions on regional development, ensuring that these measures do not hamper the implementation thereof. More specific provisions on the contents of the regional strategic programme, and the procedure and schedule to be complied with when drawing it up, may be laid down in a Government decree.

Section 26

Regional strategic programme implementation plan

Under the leadership of the Regional Council, a regional strategic programme implementation plan is prepared annually. It includes a proposal for the most important projects and other measures in terms of the implementation of the regional strategic programme and special programmes, together with a plan for financing them. During the implementation plan’s preparation, together with municipalities the Regional Council will prepare a plan on their joint financial contribution to facilitating the implementation of key projects. The implementation plan will be produced jointly by the State authorities, municipalities and other parties involved in financing the regional strategic programme. More specific provisions on the contents of the implementation plan and the schedule and procedure to be complied with in drawing it up may be laid down in a Government decree.

Section 27

Structural Fund Programmes of the European Community

The Regional Councils are responsible for drawing up proposals for regional Structural Fund programmes concerning their areas, to be financed from European Community Structural Funds. These programme proposals cover the matters laid down under European Community law concerning Structural Funds. Proposals are prepared jointly by State authorities, municipalities and other bodies involved in programme implementation under public and private law. Jointly with other ministries, Regional Councils, and other bodies and organisations involved in implementing the programmes, the Ministry of Employment and the Economy will prepare programme proposals for consideration by the Government based on the proposals referred to in subsection (1). The Government will decide on forwarding any programme proposals for approval by the Commission of the European Communities. In other respects, that which is provided under European Community law applies to programme proposals. As concerns changes to programmes, the provisions on the drafting and approval of proposals for programmes shall be complied with. Upon the approval thereof by the Monitoring Committee, the managing authority of the programme can submit proposals to the European Commission on changes to the programme that are not of considerable significance and which do not alter the aggregate amount of Finland’s national public funds allocated to the programme.

Chapter 4

Miscellaneous provisions

Section 28

Cooperation agreement

Cooperation agreements can be drawn up for implementing the regional development targets and programmes or plans referred to in this Act. The implementation of measures and projects included in the programme or plan can be agreed in said agreements. Cooperation agreements are drawn up in cooperation with municipalities involved in the financing of measures, state authorities and legal persons contributing to the region’s development. Cooperation agreements are drawn up for a fixed period. Cooperation agreements can also be concluded on cooperation between Regional Councils as referred to in section 16 above.
Provisions on the procedure to be complied with when preparing a cooperation agreement may be laid down by Government decree.

Section 29
Programme monitoring and evaluation
When programmes in accordance with this Act are drawn up they shall be evaluated as separately provided concerning such evaluations. The implementation and impacts of programmes shall be monitored and evaluated with the help of monitoring data specified in the programme.

Authorities financing the regional strategic programme must provide the Regional Councils with information concerning the monitoring of regional strategic programmes. Ministries are responsible for monitoring the achievement of regional strategy targets within their administrative branch. The competent ministries in question are responsible for monitoring special programmes.

The achievement of targets, impacts and of the implementation of regional strategic programmes and special programmes are evaluated at least once during the programming period. Moreover, a final evaluation shall be arranged of special programmes after the end of the programming period. Evaluations will be carried out by external evaluators.

The Regional Council is responsible for the evaluation of the regional strategic programme, the relevant ministries are responsible for the evaluation of regional strategies specific to administrative branches, and competent ministries are responsible for the evaluation of special programmes. Separate provisions shall be issued on the evaluation of programmes referred to in section 27 above.

Further provisions may be issued by Government decree concerning the procedures to be complied with in evaluation and monitoring, and on the indicators to be used.

Section 30
Consultation and negotiation procedure
Authorities shall request an opinion from the Regional Council on plans and measures of significance in terms of regional development that deviate markedly from the regional strategic programme or which are not included in it, and evaluate their impacts on the development of the region. If the authority intends to deviate from the opinion submitted by the Regional Council, it shall justify said deviation after having negotiated the matter with the Regional Council.

Before a state authority makes a decision concerning local state or regional administrative bodies, their spheres of authority or offices, or services provided by each office that may impair the availability of customer service, or submits a proposal to the Government on making such a decision, it must request an opinion from the municipality concerned. If the matter involves two or several municipalities, an opinion must also be requested from the Regional Council. If the state authority intends to deviate from this opinion, it shall negotiate thereon with the municipality and Regional Council concerned.

Each ministry shall negotiate with the Ministry of Employment and the Economy regarding all actions with a substantial impact on regional development that have been prepared by central government authorities and public enterprises in said ministry’s administrative branch.

Section 31
Division into regions
On the basis of development needs, the Government can declare the least developed areas in the country support areas I and II. This division is mainly carried out on a subregional basis. When the division into subregions is determined, attention is paid at least to commuting, the use of services, cooperation between municipalities and transport connections. The Ministry of Employment and the Economy ratifies the division into subregions after consulting the relevant municipalities and Regional Councils. Provisions on the grounds for specifying and dividing areas into support areas will be laid down by Government decree.

The Government may declare areas affected by drastic cuts in employment, or other acute factors influencing the economy of the region, as areas of abrupt structural change.
Having consulted the Island Committee referred to in section 14 of the Island Development Act (494/1981), the Government can declare that a municipality specified as an island municipality under section 9 of said Act and the island part of any other municipality to which the Government has decided that the provisions on island municipalities shall apply, and an island and island group without any fixed road link with the mainland but with a permanent settlement, belongs to a support area of type I or II.

Section 32

Appeal

Decisions of Regional Councils referred to in this Act are subject to appeal as laid down concerning requests for rectification and municipal appeals in the Local Government Act (365/1995).

Decisions made under this Act by a Regional Management Committee or a joint organ of Regional Councils are subject to appeal to an Administrative Court as laid down in the Local Government Act concerning appeals against a joint municipal board decision.

Section 33

Entry into force

This Act enters into force on 1 January 2010.

This Act repeals the Regional Development Act of 12 July 2002 (602/2002), as amended. Measures necessary for the implementation of this Act may be undertaken before it enters into force.

Helsinki, 29 December 2009

President of the Republic

TARJA HALONEN

Minister Mari Kiviniemi