

Finland Report

Sustainable Governance Indicators 2024

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Executive Summary

A significant shift in sustainable governance occurred in Finland when Sanna Marin's center-left government was replaced by Petteri Orpo's right-wing government in June 2023. Marin's government was known for placing a strong emphasis on ecological and social sustainability, while Orpo's government primarily focuses on a sustainable economy.

According to the Orpo government program, the foundation of prosperity lies in fostering a sustainable economy. The government aims to narrow the disparity between overall government revenue and expenditure and reverse the trend of escalating public debt in Finland. However, the program also emphasizes that the primary objective of economic policy is to achieve growth that is environmentally and socially responsible.

The government recognizes that the transition to clean energy and technologies presents Finland with opportunities to generate employment, boost exports, foster economic growth and enhance overall prosperity.

Promoting sustainable governance in Finland remains a key focus, as the country ranks among the wealthiest and happiest globally. The government of Finland acknowledges that sustainable development aims to secure a high-quality living environment for both current and future generations. The National Commission on Sustainable Development, led by the prime minister, is responsible for incorporating international sustainable development goals into national policies. In its upcoming tenure, the Commission will focus on expediting the implementation of the Global 2030 Agenda for Sustainable Development and actively monitoring and evaluating the progress of Agenda 2030 within Finland.

Finland aims to play a prominent role in climate policy, emphasizing the importance of preserving the country's clean and natural environment. Priorities include addressing biodiversity loss and ensuring the availability of clean and affordable energy. However, the means to attain these goals are less

ambitious than those of the previous government. The Orpo government states that a resilient and dedicated Finland is characterized by stability, reliability, and a commitment to democratic principles and the rule of law. Previous achievements demonstrate that Finland values equality, especially gender equality.

Despite cuts in public spending, primarily in social security income transfers, the welfare state remains a crucial factor in citizens' contentment. This robust foundation positioned Finland favorably with regard to tackling pandemic challenges, with fewer vulnerabilities compared to other nations. In managing the COVID-19 crisis, Finland experienced relatively low death rates but faced substantial economic repercussions and elevated unemployment rates. The government successfully alleviated these challenges by implementing measures to support businesses, safeguard workers against income loss and compensate for revenue declines, thus maintaining essential services. The Finnish COVID-19 strategy leveraged a well-functioning healthcare system and an extended welfare state, which contributed to the mitigation of economic impacts.

Since Russia's full-scale attack on Ukraine, the security landscape in Finland has transformed. A few months after the invasion, Finland became a NATO member. Domestic political debates now center mostly on military security issues. In late 2023, Russia launched a hybrid attack against Finland by sending refugees over the border. Finland responded by closing all border access points with Russia. The ongoing crisis with Russia has consumed media space and resources, diverting attention from other sustainable governance topics. The change in government has also resulted in a major shift in migration policy, as the new government is clearly less welcoming to migrants than its predecessor. The influence of the True Finns party is also evident in the development aid policy, with Finland showing less dedication to expressing global solidarity.

Key Challenges

The key challenges relate to the fact that Finland recently underwent a significant shift in sustainable governance as Sanna Marin's center-left government was replaced by Petteri Orpo's right-wing administration in June 2023.

The shift in governance priorities represents a notable departure from the ecological and social sustainability emphasized by Marin's government. Orpo's administration primarily focuses on fostering a sustainable economy, raising questions about balancing economic growth with environmental and social responsibility. Striking a balance between fostering a sustainable economy for prosperity and ensuring that economic growth aligns with environmental and social responsibility has become a central challenge for the Orpo government. Additionally, the ongoing crisis with Russia has diverted attention and resources from sustainable governance topics, highlighting the challenge of maintaining focus on environmental and social sustainability amid immediate security concerns.

The means proposed by the Orpo government to address climate-related goals have raised concerns regarding their ambition, particularly when compared to the initiatives undertaken by the previous administration led by Sanna Marin. Climate-friendly policies are integral to combating biodiversity loss, a critical environmental issue that threatens ecosystems and the delicate balance of the planet's biodiversity. The reduced ambition in the Orpo government's climate approach raises questions about the adequacy of measures to protect and preserve diverse ecosystems, which are essential for the health of the environment and the countless species dependent on them. The Orpo government's approach – with climate goals perceived as being less ambitious – raises concerns about Finland's ability to fully realize the potential benefits associated with a proactive stance on climate-friendly policies.

A less welcoming approach to migrants under the new government – reflecting the political agenda of the True Finns party in particular – introduces challenges in managing immigration and raises questions about potential impacts on societal diversity and the economic progress of the country. With a declining birth rate and an aging population, work-based migration is of paramount importance for the sustainability of pension schemes, for example. The influence of the True Finns party is also visible in the development aid policy, pointing to potential challenges in maintaining a commitment to global solidarity amid shifting political landscapes.

The government's social security cuts are poised to have widespread implications, potentially affecting various sectors of the population. Notably, these cuts are anticipated to disproportionately impact service sector workers, particularly those engaged in part-time employment. The reduction in social security benefits is expected to result in a substantial decrease in the monthly income of low-income people, raising concerns about the rise of poverty and social exclusion.

The government's justification for these cuts – aimed at increasing the number of full-time jobs – has been met with skepticism. Critics argue such measures may inadvertently undermine incentives to work and the flexibility of working life across various professions. Amid these challenges, there are calls for a more nuanced and comprehensive approach to social security that addresses the diverse needs of the workforce while ensuring economic stability.

The government faces the challenge of maintaining a high level of citizen contentment, underscoring the delicate balance between fiscal responsibility and social welfare measures. Reversing the negative trends in educational outcomes and mental well-being of the youth is essential for the social and financial sustainability of Finnish society.

Finland's recent governance transition brings a host of challenges, from policy ambiguities to shifts in priorities and potential impacts on societal well-being. Navigating these challenges will be crucial for Finland as it seeks to redefine its approach to sustainable governance and balance economic growth with environmental and social responsibility.

Democratic Government

I. Vertical Accountability

Elections

Free and Fair
Political
Competition
Score: 10

The electoral process in Finland is free and fair, and the country's constitution grants Finnish citizens the right to participate in national elections and referendums. The registration procedures for candidates and political parties meet standards of transparency and fairness, including requirements such as financial deposits, age, party affiliation and petition signatures (party-only). There are no exclusions based on insolvency, undischarged bankruptcy or criminal record/convictions.

No eligible candidate is prevented from being elected. No candidate is disqualified from registration in a manner that fails to adhere to objectively verifiable legal criteria. If a candidate is denied the right to be elected, they have the right to appeal to a competent jurisdiction capable of reviewing such decisions and correcting errors promptly and effectively.

Parties and candidates must maintain accurate financial records, disclose the nature and value of received donations, and regularly publish their accounts. This process is also carried out de facto. The State Accounting Office manages these activities and monitors party funding. There are no mechanisms that provide significant advantages to specific candidates or parties. Political competition is not affected or distorted by deliberate manipulation through the news media.

Free and Fair
Elections
Score: 10

Registered political parties have the right to nominate candidates, though all voters can influence the nomination process. Electoral associations of at least 100 enfranchised citizens also have the right of nomination. However, the role of these associations has been marginal.

Candidates for presidential elections can be nominated by any political party represented in parliament at the time of nomination. Candidates may also be nominated by associations of at least 20,000 enfranchised citizens.

Voting rights in municipal elections are granted to all citizens, including those without permanent residence in the country. Felony convictions do not affect voting rights.

There is no disenfranchisement resulting from a flawed voter registry. Individuals who have been denied the right to vote or to register as voters have the opportunity to appeal to a competent jurisdiction, which can review such decisions and rectify errors in a timely and effective manner.

There is an impartial and highly capable electoral management body equipped with sufficient, trained staff and the financial resources to effectively administer elections.

The elections are conducted according to the established schedule. However, during the pandemic, municipal elections in 2021 were postponed for a few months.

The election process in Finland is carried out in an impartial and nondiscriminatory manner. There is an adequate number of polling stations relative to population density. Polling stations are accessible with regard to their location and the availability of free public transport, especially for handicapped citizens. There is also no impartiality or discrimination regarding the voting time frame and date, the comprehensive ballot design, the implementation of the secret ballot, or the provision of voter assistance, such as water supply in waiting lines.

Absentee, email and early voting processes are conducted in a straightforward, impartial and nondiscriminatory manner. There have been no incidents of harassment, violence or intimidation against voters. No irregularities have been observed in the voter registry.

Petteri Orpo's government is committed to enhancing fairness and representation in the electoral system through democratic principles and legislative measures governing elections and political parties. According to the government program (Orpo 2023), the administration plans to address the issue of disproportionality in the electoral system by initiating a parliamentary process to create a new model for electoral regions, specifically targeting electoral districts with a high hidden vote threshold. The primary focus will be

on the Lapland electoral district, which will be combined with the North Ostrobothnia electoral district to form a unified electoral region for the purposes of calculating results.

The approach to distributing seats among parties will be based on the number of votes received by each candidate and the proportion of members of parliament elected from the electoral districts relative to the population. While both electoral districts will maintain their independence and existing boundaries, their regional identity will also be considered. In the future, a similar methodology may be applied to other electoral districts with fewer than eight or seven members of parliament to be elected in the future. The decision on the electoral region model is anticipated to be finalized in 2024, with the goal of implementing the new model in the parliamentary elections of 2031 at the latest.

Quality of Parties and Candidates

Socially Rooted
Party System
Score: 10

Electoral provisions stipulate universal suffrage for all adult Finnish citizens, including prisoners and mentally disabled people, with a secret-ballot voting method. The minimum voting age is 18, and voting is noncompulsory. Expatriated Finnish citizens are entitled to vote, while non-Finnish nationals residing in Finland are excluded from national elections. However, non-Finnish permanent residents may vote in municipal elections. The population registration center maintains a register of people eligible to vote and sends a notification to those included in the register. Citizens do not need to register separately to vote. A system of advance voting has been in place for several decades, and the proportion of ballots cast in advance has risen significantly.

It is fair to say that the legal aspects of the political system, such as electoral system features, do not hinder the representation of relevant societal interests through political parties.

Electronic voting was tested in three municipalities during the 2008 municipal elections but has not been adopted in subsequent elections. In its final report from 2017, a working group on the issue appointed by the Ministry of Justice stated that while technically feasible, an online voting system is not yet ready to be implemented, as the technology has not reached a sufficiently high level to meet all relevant requirements.

The major political parties have local branches to represent distinct local interests. However, local party branches have lost members, and the parties' local representation has become weaker. It is still fair to say that the existing

Effective Cross-
Party
Cooperation
Score: 8

parties in the legislature fairly well represent significant societal interests in a programmatic manner, as opposed to relying on clientelism.

Party manifestos differ from one another and are publicly accessible.

Finland is known for coalition governments. This means all parties aiming to enter the cabinet need to maintain their ability to enable cross-party cooperation in policymaking and implementation.

In comparative terms, the level of party polarization in Finland is low. Generally, Finnish governments are coalition governments, often comprising parties from both the left and right. The Sanna Marin government and the current Petteri Orpo government fit well into this tradition. The most extreme example of a broad coalition in recent decades occurred in 2011 when Jyrki Katainen formed a cabinet consisting of six parties, including the far-left Left Alliance, the Green Party and Katainen's conservative National Coalition Party.

The Sipilä government (2015 – 2019), however, was an exception to this rule, as it was composed of only three center-right parties.

As with many other European countries, Finland has experienced polarization between political elites and nationalistic populist elements.

As of this writing, the ruling cabinet in Finland consists of a coalition of four major parties, which together command a majority in parliament. There are essentially four parties in the opposition.

Party polarization did not undermine the ability to engage in cross-party cooperation for crisis management during the pandemic in Finland or during the application for NATO membership.

There is widespread acceptance of liberal democratic values and institutions among major political parties. However, it is somewhat doubtful whether all parties – especially the populist True Finns party – are truly committed to advancing them. The most serious crisis erupted in the summer of 2023 when it was revealed that the True Finns party chair had expressed racist comments in a blog written in 2008. So far, the Orpo government has been able to work together within the coalition to control and neutralize the influence of anti-democratic actors.

Transparent
Government
Score: 10

Access to Official Information

Public access to government information is, in principle, unrestricted. According to the Finnish Constitution, every Finnish citizen has the right to access public documents and recordings. This right includes access to documents and recordings held by government authorities, unless their publication has been restricted by a government act for a compelling reason. Section 12 of the constitution states: “Everyone has the freedom of expression. Freedom of expression entails the right to express, disseminate and receive information, opinions and other communications without prior prevention by anyone.”

However, special categories are secret and exempt from release, including documents that relate to foreign affairs, criminal investigations, the police, security services and military intelligence. Such documents are usually kept secret for 25 years, unless otherwise stated by law.

One such document, the so-called Tiitinen’s List, continues to be highly controversial. The list was given to Finland by West Germany in 1990, and it is assumed to contain the names of 18 people who allegedly collaborated with the East German intelligence and security service. Despite years of public debate and calls from top politicians, Finnish authorities have refused to release the document.

Finland was among the first countries to sign the Council of Europe Convention on Access to Official Documents in 2009. The 1999 Act on the Openness of Government Activities stipulates that individuals requesting information are not required to provide reasons for their requests and that responses must be provided within 14 days. Appeals of any denial can be taken to a higher authority and then to the Administrative Court. The chancellor of justice and the parliamentary ombudsman can also review the appeal.

Journalists have persistently exposed public authorities’ attempts to hide contentious information.

II. Diagonal Accountability

Media Freedom and Pluralism

Free Media
Score: 10

The independence of the media is ensured by the 2003 Act on the Exercise of Freedom of Expression in Mass Media, and is supported by the public and political discourse. A free and pluralist media is considered an important contributor to debate among citizens and the formation of public opinion.

The Council for Mass Media in Finland has successfully managed a system of self-regulation among media outlets.

Furthermore, as Finland is one of the least corrupt societies in the world, the government has generally avoided interfering with press freedoms, although a few exceptions to this rule have occurred in recent years.

The regulations regarding wiretapping, the protection of whistleblowers and “fake news” do not hinder media freedom in Finland.

There is no censorship of digital, print or broadcast media. The government and other public officials do not indirectly attempt to censor digital, print or broadcast media. The government does not censor online content. Public officials may be held accountable for instances of unlawful censorship; however, such cases are rare.

There is no research on the level of self-censorship among journalists. However, it is not considered a problem. Journalists do not face physical harassment. However, hate speech – especially on social media – and legal threats against journalists are common, particularly targeting those criticizing the True Finns party and its supporters.

Pluralism of
Opinions
Score: 9

Finland’s media landscape is pluralistic and includes a variety of newspapers, magazines and social media sites. The conditions in which Finnish journalists operate are among the most favorable in the world. Despite a definite decline in circulation numbers in recent years, Finland still boasts an impressive newspaper readership, including online subscriptions. According to a recent report by Reporters Without Borders, Finland ranks fifth worldwide in terms of media freedom. However, newspapers face the prospect of long-term decline due to the rise of electronic media and increasing economic pressures from a loss of advertising share and rising costs.

Indeed, during the last decade, user-generated content and online social media platforms have revolutionized the media landscape. As a rule, newspapers are privately owned but publicly subsidized. The high level of concentration in the Finnish media market constitutes a significant risk for media plurality. Although regional newspapers remain comparatively strong, most local newspapers have been assimilated into larger newspaper chains. Still, it is fair to say that major media outlets encompass a diverse range of political perspectives.

The national broadcasting company, Yleisradio, operates several national and regional television and radio channels and supplies a broad range of information online. Although state-owned and controlled by a parliamentary council, Yleisradio has generally been viewed as unbiased. Yleisradio is complemented by several private broadcasting companies. Licensing and regulatory systems for privately owned media ensure freedom from government influence and political interference.

Anti-monopoly policies have not been activated to ensure transparency of ownership structures and a plurality of opinions in digital, print and broadcast media outlets in Finland. The licensing and regulatory regimes of privately owned media seek to ensure an adequate plurality of opinions.

A significant number of major digital, print and broadcast outlets consistently critique government policies and report on abuses of power. Major media outlets do not ignore or censor significant political perspectives. There is no significant media bias against particular opposition parties or candidates.

A report on media pluralism in Finland by Mäntyoja and Manninen (2021) concludes: “Finland’s area-level risk scores throughout the Media Pluralism Monitor instrument fall in and near the medium risk range. The market plurality area reaches the highest risk score, although still within the medium risk range. Fundamental protection is the only one remaining within the low risk range. No significant changes were seen in the overall risk levels of both political independence and social inclusiveness, both of which reach the lower half of the medium risk level.”

Civil Society

In Finland, citizens can freely form or join independent political and civic groups, openly raise and discuss political issues, and assemble without restrictions. The constitution safeguards basic political rights such as freedom of association and freedom of assembly. Article 13 in the constitution reads:

“Everyone has the right to arrange meetings and demonstrations without a permit, as well as the right to participate in them.”

Everyone has the freedom of association. This freedom includes the right to form an association without a permit, to be a member or not to be a member, and to participate in an association’s activities. The freedom to form trade unions and to organize in order to protect various interests is also guaranteed.

Various laws and guidelines, such as the Act on the Openness of Government Activities, contain provisions on consultation and participation. By and large, the system functions reasonably well. Admittedly, consultation tends to favor organized groups and neglect outside participation. Additionally, consultation is carried out mainly to build consensus rather than to gather support or assess impact. However, in the long run, this helps generate public support for government policies.

Political and civic groups in Finland are able to operate freely without any unwarranted state intrusion or interference in their activities. The government applies transparent and nondiscriminatory criteria when evaluating requests for permits to associate and assemble. There are very few restrictions on assembly and association, which mainly pertain to public safety. These restrictions affect, for example, demonstrations without prior notice or those intended to counter an opposing group (e.g., right-wing activists vs. antiracist movements) or environmental groups trying to block traffic. The government does not employ intimidation, harassment or threats of retaliation to hinder citizens from exercising their rights to legally assemble and associate (e.g., through arbitrary arrests, detentions, imprisonment of peaceful demonstrators or the excessive use of force).

Effective Civil
Society
Organizations
(Capital and
Labor)
Score: 8

In Finland’s consensus-oriented political system, interest organizations and associations – especially employers’ and employees’ organizations – are regularly consulted in the course of policymaking. The major civil society organizations (CSOs) are cooperative and capable of forming alliances.

According to Greve et al. (2020), the role of trade unions and work councils as social partners has been more limited in Finland than in other Nordic countries. They were consulted during the preparation of the government support packages, but not as extensively as in Denmark, for example. One reason for this could be that many unemployment-related issues (e.g., short-term work and wage supplement systems) were already covered by national regulation.

Although the corporatist system adopted in the 1960s has now declined, the exchange of views and information with a variety of social interests remains integral to the everyday activities of the Finnish government. Through mechanisms such as committee hearings, joint-council memberships and expert testimony, bills and drafts are circulated to interested parties who are then invited to critique the draft legislation. Reforms of the earnings-related pension system, for example, are still negotiated in a tripartite manner. However, recent developments have indicated a weakening in the role played by tripartite negotiation of labor market agreements between the government, employers' associations and employee organizations.

Labor union membership fees are tax deductible. Employers' and employees' associations possess significant financial strength, which enables them to hire policy experts. Although labor union membership is declining, rates remain relatively high compared with other European countries.

Effective Civil
Society
Organizations
(Social Welfare)
Score: 8

In Finland, the Finnish Federation for Social Affairs and Health (SOSTE) serves as a comprehensive umbrella organization for social welfare organizations. Established in 2012, SOSTE was founded by the Association of Voluntary Health, Social and Welfare Organizations (YTY), the Finnish Federation for Social Welfare and Health (STKL), and the Finnish Center for Health Promotion (Tekry).

SOSTE brings together 200 non-governmental organizations (NGOs) dedicated to social affairs and health, along with numerous partner members. The collective mission of SOSTE focuses on fostering the health and well-being of all individuals. Through collaboration with its members and partners, SOSTE actively engages in laying the groundwork for health, inclusive participation and a just society.

SOSTE and its partner organizations are regularly consulted by the government. For example, SOSTE is currently represented on the Social Security Reform Committee, whose mandate extends from 2020 to 2027. However, the government does not feel obliged to accept the viewpoints of SOSTE or its partner organizations.

SOSTE and its partner organizations are funded almost exclusively through the receipts of the state gambling monopoly. The Orpo government aims to partially dismantle the monopoly and replace it with a licensing system. Consequently, SOSTE's funding level for 2024 dropped dramatically, leading to downsizing within the organization. This reduction will diminish the organization's capacity to retain expert staffers and influence policies.

Effective Civil
Society
Organizations
(Environment)
Score: 7

Finland boasts a large number of civil society associations, societies and groups working to protect the environment. The Finnish Association for Nature Conservation (FANC) is the oldest and most impactful environmental organization in Finland. With 150 local associations and a multitude of engaged members across the country, its collective efforts are dedicated to halting biodiversity loss and addressing global warming. FANC has over 30,000 members and 15 district organizations nationwide.

The government regularly consults environmental organizations. However, there are constant tensions between the viewpoints expressed by these organizations and those of various industries. The most heated debates concern the use of natural resources, specifically forests and mineral resources. Environmental organizations also clash with Metsähallitus – the organization that governs state-owned natural resources. The state owns 35% of all the forests in Finland.

The disputes over the use of natural resources extend to the academic level as well. Industries and environmental organizations do not share the same knowledge base. Instead, they constantly criticize each other for publishing biased information.

III. Horizontal Accountability

Independent Supervisory Bodies

Effective Public
Auditing
Score: 10

Legislative accountability in Finland is advanced by the Audit Office, which is accountable to parliament. Formerly, parliamentary oversight of government finances was performed by parliamentary state auditors. However, this institution has been abolished. In its place is the parliamentary Audit Committee, which was created by combining the tasks performed by the parliamentary state auditors with the related functions of the administrative and audit section of the Finance Committee. The office of the parliamentary state auditors has also been replaced by the National Audit Office of Finland, an independent expert body affiliated with parliament.

The role and duties of the National Audit Office of Finland (NAOF) are defined in the country's constitution (Section 90). The NAOF audits central government finances, monitors fiscal policy, and oversees political party and

election campaign funding (National Audit Office of Finland 2023). It is also tasked with auditing the legality and propriety of the state's financial arrangements and reviewing compliance with the state budget.

The office is directed by the auditor general, who is elected by parliament. The National Audit Office of Finland (NAOF) examines the legality, productivity and adherence to the budget of government finances, as mandated by section 90 of the Finnish Constitution. It verifies the accuracy of information presented to parliament regarding central government finances, their management and adherence to fiscal policy regulations.

The NAOF does not audit parliament's finances, funds under parliament's jurisdiction, the Bank of Finland, the Financial Supervisory Authority or the Social Insurance Institution. Internal audit guidelines based on ISSAI auditing standards form the basis for NAOF's audit processes, supplemented by manuals tailored to compliance audits, performance audits and fiscal policy audits.

NAOF plays a crucial role in monitoring and overseeing fiscal policy to ensure the stability and sustainability of public finances, as well as compliance with fiscal policy rules. Empowered by the Fiscal Policy Act, it supervises the establishment and adherence to these rules.

Additionally, the NAOF oversees election campaigns and political party funding to ensure compliance with the Act on Political Parties and the Act on a Candidate's Election Funding. Starting in 2024, lobbying activities directed at parliament and ministries must be reported to the transparency register. The NAOF will act as the registrar and oversee compliance with this disclosure obligation.

In 2021, the Audit Office was embroiled in a scandal that temporarily undermined its operational capacity. Parliament ultimately decided to fire the body's general director and appoint a new, independent general director. The decision was made in parliament without consultation with the judiciary. However, the person at the center of the scandal was later convicted in court (YLE, 2021).

With about 150 staff members, the financial and personnel resources align with the requirements of the Audit Office to effectively carry out its mandate.

The Audit Office also conducts follow-up investigations to determine if its recommendations have been implemented. The findings of both the original and follow-up reports are reported in the media and used by the legislature.

Effective Data
Protection
Score: 9

Finland has two independently operating data protection authorities: the Data Protection Board and the Data Protection Ombudsman. Affiliated with the Ministry of Justice, the Data Protection Board is the primary decision-making agency concerning personal data issues. The Data Protection Ombudsman supervises the processing of personal data in accordance with the objectives of the Personal Data Act of 1999. The Ombudsman's office has about 40 employees and can be called upon for guidance in private matters or to advise organizations.

The Office of the Data Protection Ombudsman safeguards data protection rights. It is a national supervisory authority that ensures compliance with data protection legislation. This autonomous and independent entity has its ombudsman appointed by the government for a term of five years (Office of the Data Protection Ombudsman 2023).

The Office of the Data Protection Ombudsman has the resources to effectively advocate for data protection and privacy issues in relation to the government.

Data protection has been a significant issue in Finland. In 2020, a private mental healthcare provider, Vastaamo, was blackmailed by online hackers who gained access to electronic records containing sensitive health information. The case is currently being processed in court, with 14,000 charges (YLE 2023).

The data protection authorities have the necessary capacities, structural framework and personnel resources to effectively advocate for data protection and privacy issues in relation to the government. The authorities have the statutory power to access all necessary information and question officials and witnesses to fulfill their mandate. The head of the national data protection authority is appointed in a manner that ensures independence.

The legislature has final consent authority for the removal of the head of the national data protection authority. The financial and personnel resources allocated to the national data protection authority are consistent with the resources it needs to fulfill its mandate. However, decisions regarding these resources are beyond the executive's discretion.

The activities of the national data protection authority lead to adequate follow-up by the executive branch. The findings of the data protection authority are actively reported in the media and are used by the legislature.

Rule of Law

Effective Judicial Oversight
Score: 10

The independent judiciary in Finland ensures that the government, administration and legislature operate in accordance with the constitution and law. The national courts can effectively review actions and norms implemented by the executive and legislative branches. The courts can pursue their own reasoning free from the influence of incumbent governments, powerful groups or individuals, and corruption.

Legal education is inclusive and accessible to all segments of society. However, children whose parents have university degrees are more likely to study law, as well as other academic disciplines. The judiciary’s jurisprudence reflects a commitment to independent judicial review. Ethics rules and standards are followed.

It is easy to bring a case to challenge government action as long as no legal advice is needed (legal advice is very costly). The court’s rulings are independent, even in cases that are significant to the government. The government always complies with important decisions of the court, even if it disagrees with them. There are no examples of noncompliance.

Petteri Orpo’s government is committed to strengthening the rule of law in Finland. According to the government program (Orpo 2023), enhancing adherence to legal principles involves bolstering the autonomy of the judiciary through the augmentation of permanent judge positions. The government aims to transform court training into a pivotal stage in the legal profession that benefits the overall judicial administration and encourages recruitment in the administrative sector. This includes increasing the number of trainee judges and expanding training programs for junior judges.

Additionally, the government is committed to guaranteeing the provision of services in Swedish in bilingual areas to ensure access for the Swedish-speaking population.

Universal Civil Rights
Score: 10

Civil rights are widely respected and protected in Finland. The national legal and constitutional system guarantees the protection of civil rights to a great extent. The constitution safeguards personal liberty against state and non-state actors. It includes the right to life and security, a prohibition on torture and inhumane treatment or punishment, and the protection of privacy. It ensures equality before the law, equal access to justice and due process under the rule of law, such as the protection against arbitrary imprisonment without due process.

Finland was one of three countries that received the maximum aggregate score of 100 in the category of political rights and civil liberties in Freedom House's 2019 Freedom in the World survey.

The country's legal system provides for freedom of speech, which is also respected in practice. Furthermore, Finns enjoy full property rights and the freedom of religion, with the government officially recognizing many religious groups. The freedoms of association and assembly are respected in law and practice, while workers have the right to organize, bargain collectively and strike. In November 2014, after lengthy and contentious discussions, parliament voted to grant marriage rights to same-sex couples, and adoption-rights legislation for same-sex couples became effective in March 2017.

State actors demonstrate respect for civil rights and effectively safeguard them by identifying, prosecuting and punishing violations. Policies implemented by state institutions are relatively effective in preventing discrimination based on factors such as sex, gender identity, sexual orientation, physical and mental ability, health, age, ethnic origin, social status, political views or religion.

Functioning as an autonomous and independent entity, the Nondiscrimination Ombudsman is dedicated to advancing equality, preventing discrimination and overseeing issues related to removal from the country (see the Nondiscrimination Ombudsman website at <https://syrjinta.fi/en/front-page>). Additionally, the Ombudsman serves as the National Rapporteur on Trafficking in Human Beings, actively contributing to efforts aimed at enhancing the rights and standing of foreign nationals.

All individuals have equal access to justice and due process under the rule of law.

Effective
Corruption
Prevention
Score: 10

The overall level of corruption in Finland is low, providing a strong example of how the consolidation of advanced democratic institutions can reduce corruption. Transparency International's 2023 Corruption Perceptions Index ranked Finland at second place out of 180 countries.

Several individual mechanisms contribute to Finland's success, including strict auditing of state spending; new, more efficient regulations on party financing; legal provisions that criminalize the acceptance of bribes; full access for the media and the public to relevant information; public asset declarations; and consistent legal prosecution of corrupt acts.

Despite the various integrity mechanisms in place, there remains potential for abuse. Political appointments processes continue to be used to fill positions in

Finland. Although only about 5% of citizens are members of political parties, two-thirds of state and municipal public servants belong to political parties. Recently, several charges of political corruption involving bribery and campaign financing have come to light and attracted media attention.

Public accounting standards help detect corruption. Regulations on party financing set limits on campaign contributions. Parties receive direct public funding. There are also regulations on spending, reporting and oversight of party financing. However, the State Audit Office lacks adequate sanctions to enforce compliance.

There are rules for political officeholders regarding asset declarations, conflict of interest and codes of conduct. Additional regulations aim to enhance the transparency of public procurement procedures. The integrity mechanisms described above are effectively implemented and monitored. Public officeholders who abuse their positions are prosecuted and penalized.

Legislature

Sufficient
Legislative
Resources
Score: 10

In Finland, the parliament has full control over its resources, allowing it to finance its own operations. The legislature has resources such as deputy expert staff and administrative support staff (legislative libraries and legislative research units). It also has monetary allowances allocated for conducting independent research. This includes parliamentary committees, which can commission small-scale research projects. The legislative research unit consistently produces reports and studies.

The Information Service of the Library of Parliament offers resources for accessing information related to law, social sciences and parliamentary matters. The Information Service conducts thorough information searches within these domains, utilizing the library's collections, international organization materials and EU resources, serving legislators, their advisers and the general public. The focus is on empowering clients to independently discover and utilize parliamentary documents, statutes, legal cases, and materials from the EU and international organizations. Additionally, the center offers self-service access to databases.

The Library of Parliament offers an "Ask a Librarian" online reference inquiry service. The staff provide hands-on guidance tailored to specific needs, covering topics such as library and archive collections, electronic materials, and information sources across various subjects. Personal training sessions, lasting about an hour, can be conducted in person or through remote access applications such as Microsoft Teams.

Effective
Legislative
Oversight
Score: 9

In Finland’s parliament, legislative committees can exercise oversight of government activities effectively. They have a legislated right to acquire the necessary documents from the government. Although they cannot summon ministers to committee meetings and hold them accountable by posing relevant questions, individual parliamentarians have the right to pose written and oral questions to ministers. The ministers are required to respond to these questions.

Effective
Legislative
Investigations
Score: 8

In Finland, ordinary legislative committees lack the capacity to investigate unconstitutional or illegal activities carried out by the executive branch. This authority is granted only to the police. Consequently, opposition parties cannot initiate investigative functions within the legislature against the will of the governing party or coalition. There is no constitutional court in Finland. However, opposition parties can initiate a motion of no confidence (interpellation) against the cabinet of ministers or an individual member of the cabinet. The Constitutional Committee in the parliament can investigate and decide if a member of the cabinet should be prosecuted for a criminal offense relating to actions taken as a minister (Eduskunta 2024).

Legislative
Capacity for
Guiding Policy
Score: 10

In Finland, the task areas of legislative committees largely align with those of ministries.

The parliament comprises 16 permanent special committees alongside the Grand Committee, primarily dedicated to EU affairs. These special committees play a crucial role in preparing government bills, legislative initiatives and reports, facilitating the handling of these matters during plenary sessions. Additionally, committees provide statements upon request.

Typically, each committee focuses on issues falling within the purview of a corresponding ministry. For example, the Social Affairs and Health Committee addresses matters under the Ministry of Social Affairs and Health, the Education and Culture Committee handles issues related to the Ministry of Education, and the Administration Committee deals with matters falling under the Ministry of the Interior. Committees responsible for cross-cutting policy areas effectively cover and address these areas.

Committees are appointed for the entire four-year electoral period. The composition of each committee mirrors the proportional representation of parliamentary groups. In practice, parliamentary groups distribute committee seats among themselves and appoint members to fulfill these roles. An opposition party can also chair an important legislative committee. However, since Finland has predominantly had majority governments over the last few

decades, there is only a small likelihood that draft legislation will change as a result of committee deliberations. The changes, if they happen, concern only details.

The committees are not overwhelmed with the task of monitoring ministerial activities. The size of committees and the frequency with which they meet enable effective monitoring and discussion of ministerial activities.

Governing with Foresight

I. Coordination

Quality of Horizontal Coordination

Effective
Coordination
Mechanisms of
the GO/PMO
Score: 10

The Prime Minister's Office (PMO) has the capacity to evaluate proposed policy. The PMO's resources have increased considerably over the last decade, with many new appointments. The primary function of the PMO is to support the duties of the prime minister, who directs the work of the government and coordinates the preparation and consideration of government business.

The PMO monitors the implementation of the government program and coordinates Finland's EU policy. Additionally, the PMO coordinates communications between the government and various ministries, plans future-oriented social policies, and promotes cooperation between the government and different branches of public administration. The PMO encompasses the Government EU Affairs Department, the Government Administration Department, the Ownership Steering Department, the Government Communications Department, the Government Strategy Department and the Government Session Unit. The PMO has a state secretary, a permanent state undersecretary and approximately 550 employees distributed across several task-specific units.

The PMO has the necessary capacity, including personnel and financial resources, to evaluate policy proposals from line ministries and ensure they are aligned with the government's overall priorities. Line ministries are required to involve the Government Office (GO)/PMO in the preparation of policy proposals not only for legal and technical matters but also for programmatic aspects. This involvement occurs through ministry committees and ministerial working groups under the PMO. Regular meetings take place between the GO/PMO and line ministries, during which the GO/PMO receives briefings on new developments that may impact policy proposal preparations.

The PMO regularly provides assessments of draft bills for the head of government. The Finnish Council of Regulatory Impact Analysis, which reports to the PMO, is responsible for issuing statements on government proposals and their regulatory impact assessments. The council strives to enhance the quality of draft laws, specifically by focusing on improving the impact assessment of government proposals. Its objectives include the development of the entire law drafting process, covering aspects such as scheduling, the planning of government proposals and the overall refinement of the law drafting procedure. To achieve these goals, a dedicated agency has been established for this purpose.

Effective
Coordination
Mechanisms
within the
Ministerial
Bureaucracy
Score: 9

The guiding rule in Finland is that each ministry is responsible for preparing issues that fall within its mandate and for ensuring the proper functioning of the administration. Given this framework, line ministries are expected to involve the Prime Minister's Office in their policy preparations, rather than the other way around. In practice, the patterns of interaction are not fixed.

Policy programs and other intersectoral matters in the cabinet program concern the Prime Minister's Office as well as the ministries, and efforts must be coordinated. The government's analysis, assessment and research activities that support policymaking across the ministries are coordinated by the Prime Minister's Office (PMO). Because decision-making is collective and consensual, ministry attempts to place items on the cabinet's agenda without involving the Prime Minister's Office will fail. The tradition of broad-based coalitions necessarily amalgamates ideological antagonisms, thereby mitigating fragmentation along ministerial and sectoral lines. The PMO is responsible for interadministration coordination in special areas, such as Arctic collaboration.

Ministerial committees effectively prepare for cabinet meetings. The government has four statutory ministerial committees: the Ministerial Committee on Foreign and Security Policy – which meets with the president when pressing issues arise – the Ministerial Committee on European Union Affairs, the Ministerial Finance Committee and the Ministerial Committee on Economic Policy. Additionally, ad hoc ministerial committees can be appointed by the government's plenary session. All these committees are chaired by the prime minister, who also chairs sessions of the Economic Council, the Research and Innovation Council, and the Title Board. Furthermore, there are several ministerial working groups. The primary task of these committees and groups is to prepare for cabinet meetings by fostering consensus between relevant ministries and interests. Overall, a large majority of issues are reviewed first by cabinet committees and working groups.

Interministerial coordination is facilitated by digital technologies such as IT programs and platforms, as well as digital information systems. These tools are widely used. Additionally, work-related incentives such as job rotation with the GO/PMO or job-sharing are available at all hierarchical levels to encourage civil servants to exchange information actively across ministerial boundaries in their daily work. The formal pre-consultation procedures provide incentives for identifying synergies and opportunities rather than focusing on incompatibilities with other policies (negative coordination).

Complementary
Informal
Coordination
Score: 9

Intersectoral coordination has generally been perceived as an important issue in Finnish politics, but few institutional mechanisms have been introduced. One of these is the Iltakoulu (evening session), an informal weekly meeting between ministers to discuss and prepare key matters for the government’s plenary session the following day. Additionally, there are other informal government meetings, and items can also be referred to informal ministerial working groups. Coordination therefore proceeds effectively through informal mechanisms.

Recent large-scale policy programs have enhanced intersectoral policymaking. Furthermore, Finland’s membership in the European Union has necessitated increased interministerial coordination. Recent research in Finland has focused only tangentially on informal mechanisms, but various case studies suggest that the system of coordination by advisory councils has performed well.

Quality of Vertical Coordination

Effectively
Setting and
Monitoring
National
(Minimum)
Standards
Score: 7

The organization of public healthcare, social welfare and rescue services in Finland was reformed in 2023. Responsibility for these crucial public services was transferred from municipalities to so-called well-being services counties. The key objective of the reform was to improve the availability and quality of basic public services throughout Finland. As part of the reform, 21 self-governing well-being services counties were established. Additionally, the Helsinki city administration is responsible for organizing health, social and rescue services within its own area. Municipalities continue to be responsible for educational services, which, along with city planning, constitute their most important functions.

The provision of public services by subnational entities is based on law. Regional authorities supervise the quality and access of these services. However, there are generally very few national minimum standards, and those that are in place mostly pertain to maximum queuing times for healthcare services. Even here, the regional authorities have limited opportunities for enforcement.

Research and development agencies under various ministries monitor the standard of services using a multitude of indicators. The problem with this monitoring system is the sheer number of indicators and the lack of key indicators established at the political level. This monitoring does not lead to sanctions or reforms. Uneven quality levels and access to public services are considered major problems in Finland.

Citizens may file complaints with the Parliamentary Ombudsman. The Ombudsman oversees the legality of actions taken by the authorities, primarily by investigating received complaints.

Effective
Multilevel
Cooperation
Score: 8

Before the social and healthcare reform took effect in 2023, the government confirmed the national objectives for organizing healthcare and social welfare for the years 2023 – 2026 in December 2022 (Ministry of Social Affairs and Health, 2022). These objectives are strategic in nature and apply to healthcare and social welfare activities throughout Finland. They are an essential part of the national guidance and direction of healthcare and social welfare, supporting the current need to reform and further develop services.

The national objectives for healthcare and social welfare are the primary goals under the Act on Organizing Healthcare and Social Welfare Services. The government confirms these objectives every four years. The preparation of the objectives is based on monitoring information regarding the population's health and well-being, as well as the activities and finances of healthcare and social welfare.

The national objectives include promoting equal access to healthcare and social welfare services, integrating these services, fostering cooperation between well-being service counties, advancing information management in healthcare and social welfare, and implementing both regional and national preparedness and contingency planning.

Similar consultation mechanisms are in place for other areas of public services. These formal mechanisms of coordination and consultation also include local self-governments. It is fair to say that national policymakers effectively collaborate with regional and local governments to improve the delivery of public services in Finland.

Intergovernmental fora meet regularly. However, in both formal and informal settings, these interactions are more hierarchical than cooperative. Subnational entities are almost entirely dependent on government funding, which dictates the character of power relationships. Municipalities, which are responsible for

services including education, environmental management and city planning, have the mandate to collect municipal taxes. However, state grants are crucial for smaller municipalities, especially to fund education. Due to their reliance on state funding, civil servants at the subnational self-government level rarely express dissatisfaction with being given token opportunities to participate in decision-making processes at the central government level.

II. Consensus-Building

Recourse to Scientific Knowledge

Harnessing
Scientific
Knowledge
Effectively
Score: 8

In Finland the government primarily organizes the collection of scholarly advice informally, for example by consulting scientific experts when drafting committee reports. Some formal bodies such as temporary working groups, ad hoc committees, ad hoc science panels and permanent councils also exist.

In general, various permanent and nonpermanent committees play important roles in structuring the flow of scholarly advice into government decision-making. One example of a permanent group that advises the government and ministries on research and technology matters is the Research and Innovation Council. The PMO appointed a scientific expert panel to study the effect of the pandemic in the spring of 2020.

A government resolution on the comprehensive reform of state research institutes and research funding was adopted in 2013 and implemented between 2014 and 2017. This measure aims to make the use of sectoral research in governmental decision-making more efficient and focused.

The current institutional mechanisms to some extent ensure that the government can access the best available scientific expertise from the outset and on short notice for all key projects. However, there are only a few expert commissions in critical reform areas. The Prime Minister's Office develops an annual plan to achieve strategic research objectives, promoting the systemic use of research projects and data for decision-making, steering and operating procedures. Projects falling under the government's strategic research goals are managed by the Strategic Research Council at the Academy of Finland (Strategic Research Council n.d.).

However, a comprehensive evaluation of the best available scientific evidence seldom starts during the early stages of the policymaking process, when

decisions can still be modified. Additionally, these consultations are generally not public, as they occur in closed working groups.

There is ongoing communication between government officials and non-governmental experts. However, neither the process for selecting consultation partners nor the consultations themselves are entirely transparent. Although Finland is a small country, the selected experts tend to represent a diverse range of perspectives. The circle of consulted non-governmental experts is fairly open to new members.

The scientific community offers robust criticism of the government's core plans, but generally this has little impact on government policies. Non-governmental experts regularly express criticism regarding the superficial or token nature of their participation. However, the government's plans in key areas do not blatantly contradict prevailing scientific opinions. In the fall of 2023, however, the government rejected a research program on work-based immigration, most likely due to opposition from the populist True Finns party. The decision blatantly contradicted the consensus scientific opinion on the importance of this particular topic.

The government does not in practice attempt to manage academic controversies or reconcile divergent expert opinions.

Involvement of Civil Society in Policy Development

Effective
Involvement of
Civil Society
Organizations
(Capital and
Labor)
Score: 9

The principle of tripartite policy preparation is deeply rooted in Finnish political traditions. The government facilitates the participation of trade unions and business organizations in policymaking to a large degree, sometimes relegating the entire preparatory process to the social partners. These social partners play a crucial role in all stages of the policymaking process, including agenda-setting, policy formulation, deliberation and decision-making, policy implementation, and performance monitoring.

Tripartite negotiations are crucial for pension policies, as the principles and reforms of the earnings-related pension scheme are negotiated between the social partners and the state (Finnish Center for Pensions, n.d.).

The process of tripartite negotiations has a strong institutional framework supported by legislation and both permanent and ad hoc working groups. It also includes mechanisms that engage capital and labor in expert commissions, public hearings and performance monitoring. Communication is ongoing and involves all members of the private sector and labor. However, the process is

not fully transparent to outsiders. For example, the working groups very seldom organize public hearings.

Members of organizations representing capital and labor sometimes express dissatisfaction with token participation in the policymaking process, especially regarding government plans to change the negotiation framework. However, the government generally succeeds in moderating disputes within and between labor and capital groups, and in balancing diverse opinions in practice.

Effective
Involvement of
Civil Society
Organizations
(Social Welfare)
Score: 7

The Finnish government does not facilitate the participation of leading social welfare CSOs in policymaking to the same extent as it does for business and labor CSOs. Social welfare CSOs are not customarily involved across the various stages of the policymaking process, including agenda-setting, policy formulation, deliberation and decision-making, policy implementation, and performance monitoring. Their participation is more sporadic and ad hoc, since there are no institutional mechanisms to ensure their active involvement beginning with the initial stages of policymaking on issues central to the sector. However, on a case-by-case basis, social welfare CSOs do participate in expert commissions, public hearings and performance monitoring

In a small country, communication with the government and the CSOs active in the field of social welfare – for instance, SOSTE – is intense. The consultation process is transparent, involving several CSOs. A special issue concerning the interaction between CSOs and the government is that CSOs are largely financed through gambling monopoly receipts, which are governed through the Ministry of Social Affairs and Health. This means many CSOs in the social welfare field rely on government funding. Members of major CSOs active in social welfare express dissatisfaction with the token nature of their participation in the policymaking process, but their financial ties with the ministry may silence some of the criticism.

The impact of consultations with CSOs in the social welfare field on actual policies is quite limited. Most important decisions are made between the parties in the cabinet and written in the cabinet program. The government does not seek to moderate disputes within and between major social welfare CSOs or to balance diverse opinions in practice.

Effective
Involvement of
Civil Society
Organizations
(Environment)
Score: 7

The Finnish government does not actively involve leading environmental organizations (EOs) in policymaking to the same extent as business and labor organizations. EOs are not routinely engaged across the various stages of the policymaking process such as agenda-setting, policy formulation, deliberation and decision-making, policy implementation, and performance monitoring.

Participation tends to be sporadic and ad hoc due to the absence of institutional mechanisms ensuring the active engagement of prominent environmental organizations beginning from the initial stages of policymaking on issues of central importance to this sector. However, on a case-by-case basis, environmental organizations participate in expert commissions, public hearings and performance monitoring.

Due to the small size of the country, communication between the government and environmental organizations, such as the Finnish Association for Nature Conservation (FANC), is intense. The consultation process is transparent, involving several environmental organizations.

The impact of consultations with environmental organizations on actual policies is relatively limited. Most significant decisions are made within the cabinet, negotiated among parties and outlined in the cabinet program. The government does not actively attempt to mediate disputes within and between major environmental organizations or to balance diverse opinions in practice.

Openness of Government

Open
Government
Score: 9

According to the Statistics Act (280/2004), four official statistical authorities operate in Finland.

Statistics Finland, the Natural Resources Institute Finland, the National Institute for Health and Welfare, and Finnish Customs are each mandated to collect data. Additionally, several other authorities produce official statistical materials. Official Statistics of Finland publishes nearly 300 statistical datasets covering 26 different topics. The basic data of the Official Statistics of Finland is publicly available on the internet, free of charge.

It is fair to say the government is proactive in publishing data and information that enable citizens to hold it accountable.

During the COVID-19 pandemic, a Situation Room was established consisting of leading economists from Helsinki GSE and the VATT Institute for Economic Research, as well as representatives from several public agencies. The Situation Room combines up-to-date register data from various sources. The model has been developed and granted extra funding. This signals that the government is taking the lead in developing comprehensive data governance frameworks and building data management capacities across the public sector to foster an environment that encourages data reuse.

The government enables its open government data portals to function as interactive feedback and communication tools rather than mere repositories of data. Quality standards and standardization efforts effectively ensure the production of high-quality government information and data.

The government in Finland proactively provides information and data that adequately meet the increasing demands of citizens in terms of information diversity and level of detail. For example, the Sotkanet database includes more than 3,600 indicators available across different regions and administrative levels. Also, the social security institution offers timely register data on benefit use. Both data services are user-friendly.

Finland has established an incomes register, which is updated by the tax authority. This means all income data is available in real time. However, the data is not publicly available.

The government’s information and data can be considered user-friendly for both humans and machines, including factors such as data formats, ease of access, and the provision of documentation and user guides.

III. Sensemaking

Preparedness

Capacity for Strategic Foresight and Anticipatory Innovation
Score: 9

Finland recognizes the need to proactively prepare for the future and navigate associated uncertainties. The government’s foresight activities are designed to facilitate decision-making by fostering a collective understanding of forthcoming changes. Central to this approach is a commitment to cooperation and broad participation, ensuring that diverse perspectives contribute to shaping the nation’s trajectory.

The PMO’s foresight unit emphasizes that foresight is not about predicting the future with certainty. Instead, it involves exploring multiple potential paths for future development, unveiling the opportunities and challenges associated with each (Finnish Government n.d.). This approach enables a nuanced understanding of the complex and evolving landscape, guiding strategic decisions and policies for a resilient and adaptive future.

There is a dedicated central government unit for strategic foresight and anticipatory innovation at the PMO. This unit autonomously explores ideas

and scenarios, provides tools and guidance, coordinates and monitors activities, offers training and coaching, and organizes events. Other central government policy units also support policy implementation in specific areas such as open government, knowledge management and digital transformation.

The current government does not encourage policy experimentation through innovation labs, behavioral insights or delivery teams. It has not utilized techniques like prototyping, human-centered design, randomized controlled trials, project-based employment or data analysis. In 2017 – 2018, Finland conducted a randomized controlled trial on partial basic income.

The present government does not allocate sufficient financial and human resources, such as grant funding and procurement, to establish test beds for new ideas. To save money, the government cut the PMO's program for targeted research projects that was directly linked to the cabinet program (VN-TEAS).

Strategic foresight and anticipatory innovation are not included as fundamental skills to be acquired in the recruitment and training of high-level civil servants.

The impact of the central government's strategic foresight and innovation unit on work practices and the organizational culture within ministerial bureaucracies is unclear. The ministries produce future outlook reports every four years.

The frequency of meetings and events between innovation units and ministries is sporadic at best. This lack of consistent engagement hinders effective collaboration and communication between these entities.

Despite the foresight unit at the PMO, the central government's planning demonstrates limited allowance for multiple futures and scenarios as expressed in its strategic plans. The planning tends to be rigid, prioritizing singular trajectories rather than embracing diverse potential outcomes.

Experimental techniques are seldom employed before policy measures are rolled out. The absence of a robust and systematic approach to testing and refining policies before full implementation leads to potential challenges and unforeseen consequences.

The level of success in projects impacting government operations, such as those focusing on open government, knowledge management and digital transformation, is notably low. These projects often fail to reach the anticipated outcomes, reflecting a shortfall in effective execution and strategic

alignment. Additionally, securing adequate financial resources for sustaining these activities through the long term is a persistent challenge, compromising their viability and longevity.

Analytical Competence

Effective
Regulatory
Impact
Assessment
Score: 8

The Finnish government understands that regular and comprehensive assessments of regulations are fundamental to governing complex and open societies and economies. Consequently, the country has implemented a thorough regulatory impact assessment (RIA) program. Finland has formally adopted a regulatory impact assessment strategy that includes instructions to be followed when drafting legislative proposals, complemented by additional guidance issued by ministries. These assessments utilize multiple indicator sets, consult various interests and employ different techniques.

Systematic impact assessment is a routine part of the Finnish draft-legislation process, although it is not mandated by law. Regulatory impact assessment activities have included a series of evaluation reports by the Ministry of Foreign Affairs that address partner countries, geographic regions and principles of development policy. Additionally, assessments have investigated the activities of the Ministry of Social Affairs and Health, and an international evaluation of the Finnish national innovation system – commissioned by the Ministry of Education and Culture and the Ministry of Employment and the Economy – has been conducted.

The general framework for regulatory impact assessments is grounded in a program-management system governing intersectoral policy programs. This framework, initiated in 2007, continues to guide impact assessments. An independent Council of Regulatory Impact Analysis was established in December 2015 within the Prime Minister's Office as part of the Sipilä government's program. The council is responsible for issuing statements on government proposals and on their regulatory impact assessments.

Several government bills have been rejected by the Constitutional Committee in parliament. These have included proposals on social and healthcare reform as well as measures to contain the spread of the COVID-19 virus. The committee criticized the government proposals as poorly prepared and lacking sufficient impact assessments.

Impact assessment guidelines adopted in 2007 still provide a general framework for the process of regulatory impact assessment. The Revision Bureau of the Ministry of Justice's Law Drafting Department monitors

compliance with these impact assessment guidelines. Impact assessments cover the economic, administrative, environmental and social impacts of proposed legislation. The guidelines describe what kind of impact may be involved, how the impact may be assessed, and what methods and sources of information are available. They also specify the extent to which this information must be included in the assessments. For instance, assessments may address proposals' potential economic impact on households, businesses and public finances, as well as the overall economic impact. However, there are no uniform (scientific) minimum standards for implementing RIAs.

Regarding methodology, guidelines recommend the use of statistical data, questionnaire data, expert analyses and, when necessary, qualitative methods. Generally, the regulatory impact assessment process is well-structured and of high quality. However, in its annual review for the 2017 assessment, the Finnish Council of Regulatory Impact noted that although guidelines for drafting laws were available, the guidelines were somewhat inconsistent and overlapping.

There is no legal requirement to involve stakeholders who can provide empirical information on the needs and likely responses of individuals regarding a regulatory change. However, stakeholders are routinely offered the opportunity to give a statement on the proposed regulation. The statements are made public once the draft law is processed in parliament.

In its report for 2018, the Council of Regulatory Impact Assessment noted that the quality of impact assessments had improved, but also pointed out that more resources were needed to strengthen ministries' expertise in drafting legislation. During the pandemic, ministries' capacities to prepare new legal proposals and conduct impact assessments were overstretched. This was particularly true of the Ministry of Health and Social Affairs, which prepared a large number of law proposals and decrees related to efforts to contain the COVID-19 virus.

Once a draft law is published, the results of the RIAs are also made public. However, the RIAs do not directly impact new legislation. Instead, the proposed legislation is based on the cabinet program. RIAs are written in a manner that facilitates the passing of the proposed legislation.

The RIAs provide reliable information about the impacts of regulations on key socioeconomic indicators such as public budgets, labor market outcomes, the environment and compliance costs for businesses. However, RIAs very rarely lead to changes in legislation.

Effective
Sustainability
Checks
Score: 8

Modern analysis methods, such as those derived from behavioral research, are rarely used in RIAs.

Generally speaking, aspects of sustainability are an integral part of the assessment process. Variations between forecasts and actual outcomes are monitored over time. Every four years, the government submits a report to parliament on the progress made in implementing the Agenda 2030 goals in Finland. The report additionally reviews how government goals align with the Sustainable Development Goals (SDGs).

However, the government does not have a specific strategy for implementing Agenda 2030 goals that has been broken down into concrete action plans. The status of sustainable development in Finland is systematically monitored through agreed-upon indicators within the National Sustainable Development Monitoring Network. Experts from various thematic areas compile annual assessments based on these indicators, providing comprehensive descriptions of the state of sustainable development in different domains. Citizens actively contribute to this assessment through the annual Citizens’ Panel on Sustainable Development. These facts demonstrate the capacity to monitor sustainable development.

The Prime Minister’s Office and the Finnish National Commission on Sustainable Development review discussions, selecting topics for further promotion. Key messages are consolidated and presented annually in May at an event addressing the current state of and future prospects for sustainable development. The overarching objectives of the monitoring and ensuing discussions are to: 1) generate a holistic understanding of Finland’s success in advancing sustainable development; and 2) identify challenges and pain points in sustainable development, helping to inform the formulation of consistent policies.

The monitoring process aligns with the Society’s Commitment to Sustainable Development instrument, encapsulated in “The Finland we want by 2050,” which serves as Finland’s implementation of the global 2030 Agenda for Sustainable Development and its Sustainable Development Goals. The commitment outlines eight objectives representing the envisioned state of sustainable development in Finland by 2050, as defined by the Finnish National Commission on Sustainable Development in 2013 (Finnish National Commission on Sustainable Development n.d.). Progress toward these objectives is monitored through 10 indicator baskets associated with the commitment. These indicators, established in 2017 by a network of experts, are updated annually. Public authorities familiar with the content of each basket provide interpretations of the indicators, assessing the state of the

basket from the perspective of sustainable development. The updating process occurs between September and May, with a preliminary estimate for the timing of each basket's update.

To sum up, sustainability checks are not legally required as part of RIAs, and they do not include analyses that span multiple time periods, including short-term, medium-term and long-term perspectives. The limitation of the mechanism is that there is no legal requirement for sustainability assessment, and there is no official government strategy for the implementation of Agenda 2030. However, the sustainability assessments draw upon a comprehensive set of appropriate impact indicators that encompass aspects of economic, social and environmental sustainability. The analyses are provided for different time periods, including short-term, medium-term and long-term perspectives.

Effective Ex Post
Evaluation
Score: 6

Consultation with experts and stakeholders is a normal phase in the Finnish lawmaking process. In addition, the public is invited to comment on draft proposals online. Furthermore, all proposals to change existing statutes must be accompanied by an assessment of their impact across several aspects of society, such as the economy and the environment. However, the major weakness of the regulatory framework is that ex post evaluations are not frequently carried out. Finland lacks a systematic strategy for the ex post evaluation of regulations. This means government ministries cannot utilize ex post evaluations to improve existing policies.

There is no law requiring the analysis of the effectiveness and efficiency of existing policies through ex post evaluations. Parliament often accepts statements suggesting that the consequences of approved legislation should be monitored and analyzed. However, this rarely happens. Ex post evaluations are carried out on a case-by-case basis by government research institutes such as the Institute for Health and Welfare (THL) and the Government Economic Research Institute (VATT). Evaluations are also conducted by the State Audit Office.

These evaluations usually meet minimum scientific standards. They provide reliable information about the impacts of regulations on key socioeconomic indicators. They also use modern analysis methods, such as those derived from behavioral research. Stakeholders involved, particularly those who can provide empirical information on individuals' experiences with and responses to public policy interventions, are included in these evaluations. The results of these ex post evaluations are regularly communicated to the public through evaluation reports.

Consequently, there is no legal requirement to involve stakeholders who can provide empirical information on the needs and likely responses of individuals regarding a given regulatory change. It is not legally mandated to regularly communicate or make publicly available the results of ex post evaluations. There are no uniform scientific minimum standards for implementing ex post evaluations. There is no independent organizational body that conducts periodic quality evaluations of the policy evaluation process and results.

The results of ex post evaluations seldom lead to changes in existing legislation or inform the development of new legislation.

Sustainable Policymaking

I. Economic Sustainability

Circular Economy

Circular
Economy Policy
Efforts and
Commitment
Score: 9

In 2016, Finland became the first country globally to develop a national road map to a circular economy, led by the government-backed Sitra Finnish Innovation Fund (Sitra n.d.), a think tank. The updated version, released in March 2019, builds on the original by incorporating essential circular economy measures that various Finnish stakeholders have committed to. These measures span the state administration, municipalities, businesses and the daily lives of the Finnish population. The road map introduces nearly 30 new actions and outlines measures yet to be implemented that do not fall under the responsibility of any specific organization. The publication highlights effective circular economy measures and solutions proposed by Finland to address challenges such as climate change, resource depletion and urbanization. Road Map 2.0 refines the vision and strategic objectives, and updates the solutions based on evolving needs.

With its national road map, Finland aims to lead the way in a global shift where economic competitiveness and well-being no longer rely on the inefficient use of natural resources. Instead of focusing solely on product offerings, the emphasis will be on services, product recycling and intelligence-based digital solutions. Finland sees a significant opportunity to pioneer a transition toward a carbon-neutral circular economy and low-emission solutions.

The road map represents a collaborative effort across the entire nation, capturing key stakeholders' perspectives on necessary changes and actions for transitioning to a circular economy. The strategy and designated policies regarding the goals of reduction, endurance, reuse and recycling are comprehensive. Engagement with the road map involves diverse stakeholders, including government ministries and representatives from the public, private

and third sectors. For the second version, Sitra gathered ideas and comments, organized events and conducted interviews with specialists. A draft of the road map was open for public feedback, with contributions welcomed from all Finnish citizens.

It is important to emphasize that the road map was developed by a think tank, not by the government. It is therefore not binding. Beyond Sitra, existing policies may not fully support efforts to transition to a circular economy. For example, public procurement is not completely aligned with the circular economy strategy. However, since the publication of the original road map, Finland has seen the circular economy gain prominence in public discourse, and the proposals have been translated into practical actions.

Sitra is not a government agency and does not have the capacity to effectively coordinate or facilitate interministerial policy collaboration.

Viable Critical Infrastructure

Policy Efforts
and Commitment
to a Resilient
Critical
Infrastructure
Score: 9

According to the OECD (2019), Finland has been at the forefront of promoting resilience in its critical infrastructure for the past decade. With an ambitious objective to become the safest country in Europe, Finland's strategic framework for risk governance closely aligns with the OECD Recommendation on the Governance of Critical Risks.

Since 2010, the National Risk Assessment has been a crucial component supporting the comprehensive Security Strategy for Society, which places vital functions at its core. This strategy influenced the 2013 Government Decision on Security of Supply Goals. It aims to ensure the continuity of economic activities and the functionality of critical infrastructure during severe disruptions and emergencies. The critical infrastructure services identified include energy, data communication systems, financial services, transport and logistics, water supply, construction and maintenance, and waste management.

Finland's strategic approach designates sectoral ministries as leaders in ensuring the resilience of critical infrastructure and emphasizes collaboration through public-private partnerships. The Security of Supply strategy aligns national preparedness principles while also outlining clear roles and responsibilities across various government branches, including at the local level.

This comprehensive strategy underscores the significance of partnerships, well-functioning markets and regulations in achieving critical infrastructure

resilience. To facilitate the implementation of these policies, the National Emergency Supply Organization (NESO) serves as a pivotal platform for public and private cooperation. NESO brings together industry and government in sector-specific groups to develop a shared understanding of critical infrastructure risks, vulnerabilities and practical preparedness measures.

Placed under the Ministry of Economic Affairs and Employment, the National Emergency Supply Agency (NESA) plays a central role in conducting risk analysis, coordinating information-sharing, promoting public-private cooperation and mainstreaming the security of supply policies in critical sectors. With over a thousand participating companies in the pooling system, NESA is widely recognized by its stakeholders as an effective governance mechanism for critical infrastructure resilience.

Currently, there is a legislative initiative to bolster national security and enhance societal resilience. The project aims to transpose the directive issued by the European Parliament and the European Council on the resilience of critical entities, which came into effect in January 2023, into national law (Ministry of the Interior n.d.). This involves a comprehensive review and development of both critical infrastructure and its regulatory framework based on national requirements. The ongoing conflict with Russia in Ukraine and significant shifts in the security landscape have heightened the urgency in safeguarding critical infrastructure and reinforcing its resilience.

As part of this strategy, the Critical Entities Resilience Directive introduces new obligations for Finland, necessitating the identification and supervision of critical entities. Finland, which has not yet defined its national critical infrastructure legislatively, is now required to do so. The directive spans 11 sectors: energy, transport, banking, financial market infrastructure, health, food, drinking water, wastewater, digital infrastructure, public administration and space.

In response to a government report on changes in the security environment submitted to parliament in spring 2022, a legislative project was initiated to propose legislation designed to strengthen the resilience of critical infrastructure. Ministries have since reviewed existing national legislation and identified areas for improvement in official duties, leading to the need for centralized organization under the government.

The project, established on 7 December 2022, is scheduled to continue until 31 December 2024. A steering group led by the permanent secretary of the Ministry of the Interior has been appointed to oversee the project, drawing on

the expertise of various ministries. The project will encompass multiple agency functions, with a dedicated expert group assessing the current situation and contributing to the development of new legislation and crisis resilience support and supervision models. Experts from key agencies such as the National Emergency Supply Agency, the Finnish Transport and Communications Agency (Traficom), the Energy Authority, and the National Land Survey of Finland will be involved in the project on an ongoing basis.

Decarbonized Energy System

Policy Efforts
and Commitment
to Achieving a
Decarbonized
Energy System
by 2050
Score: 9

According to the IEA (2023), Finland has established one of the most ambitious climate targets globally, legally committing to achieving carbon neutrality by 2035 as mandated by the updated Climate Change Act of July 2022. The act sets binding targets to reduce greenhouse gas emissions by 60% by 2030, 80% by 2040 and 90% to 95% by 2050, excluding land use changes.

Substantial progress has been made toward this goal, marked by the deployment of Europe's first new nuclear reactor in over 15 years and a significant expansion of wind energy generation. As a result of these advancements, Finland boasts the second-lowest proportion of fossil fuels in its energy supply among IEA members. Finland is actively decreasing its dependence on Russian energy imports, enhancing energy security by augmenting imports from other nations, increasing domestic renewable energy production and improving overall energy efficiency.

Despite considerable achievements in the fields of clean energy and energy security, notable challenges persist. Imported fossil fuels still constitute more than a third of the energy supply, and certain sectors of the Finnish economy, such as transportation and key industrial activities, continue to rely on fossil fuels. Additionally, land use change and forestry, which have traditionally acted as a substantial offset for greenhouse gas emissions, became a net source of emissions for the first time in 2021.

The National Climate and Energy Strategy (NCES) outlines Finland's plan to achieve carbon neutrality, emphasizing nuclear energy, renewable electricity, heat production, energy efficiency and electrification. Energy efficiency, especially in industry, is crucial. Finland aims to increase renewable energy deployment, particularly from onshore wind and solar plants. The focus is also on developing and commercializing new energy technologies for sectors in which decarbonization is difficult. Finland intends to enhance its role in the global battery supply chain, utilizing its significant deposits of critical minerals.

Finland aims to reduce reliance on Russian energy imports, increase energy security and decrease natural gas use. Energy efficiency measures, electrification and renewable energy growth are pivotal, along with reductions in the amount of oil consumed in the transport sector. The electricity sector – dominated by nuclear energy – plays a vital role, and Finland is investing in low-carbon generation. Peat’s role is diminishing, and efforts are being made to reduce its usage.

The strategy and road map to facilitate the transition toward a fully decarbonized energy system by 2050 are included in the National Climate and Energy Strategy, which has clearly defined targets. The strategy is binding as it relates to climate targets expressed in law. There are political consequences if targets are missed. However, it is not clear what the consequences would be for ministers.

As explained above, the overall strategy has been broken down into sector-specific action plans, which are aligned with the overall targets. The only policies that undermine the goal of a decarbonized energy system include subsidies to peat production; however, there are plans for phasing out peat production.

Public procurement is not currently a topic of discussion in connection with the energy transition strategy.

Adaptive Labor Markets

Policies
Targeting an
Adaptive Labor
Market
Score: 8

Over the last decade, Finland has maintained a robust labor market with high participation and employment rates. In 2022, these were respectively 79.3% and 73.8%, surpassing the corresponding figures in many OECD countries. Despite a relatively strong recovery in employment following the pandemic, the unemployment rate stood at 6.9% in 2022, which is comparatively high within the OECD. Notably, about one in four unemployed individuals in 2021 had remained jobless for over a year, and 6.8% of the labor force not actively seeking work indicated that they would accept job offers.

Existing policies and regulations encourage and empower people to develop their skills throughout their working life in response to changing labor market demands. However, there is no special emphasis on incentivizing employers to anticipate sustainability challenges in the labor market and invest in upskilling or reskilling their workforces. The unemployment program has long been applied to short-term layoffs, allowing firms to absorb short-term economic

shocks by implementing short-time work schemes. Prime Minister Orpo's government has proposed a discontinuation of the adult education allowance, thus weakening financial incentives for reskilling or professional reorientation for adults with degrees.

Ongoing reforms aim to improve active labor market policy (ALMP) measures by focusing on job-search obligations, expanding support and shifting responsibilities to municipalities. The country's significant ALMP spending, particularly on training (0.36% of GDP), seeks to foster adult learning, address labor shortages and facilitate labor market transitions. According to OECD (2023), evaluating the effectiveness of these programs, specifically labor market training (LMT) and self-motivated education with unemployment benefits (SMT), is crucial.

Services provided by employment agencies facilitate worker mobility across firms, industries and regions through upskilling and reskilling training. However, there are no policies to support mobility across countries. Employment office authorities develop integrated action plans jointly with claimants. The intensity and content of these plans vary based on individual needs. In principle, the measures include several components such as labor market training, self-motivated studies, part-time work, preparatory work training, on-the-job training, integration measures for immigrants and various types of rehabilitative work activities.

Policies
Targeting an
Inclusive Labor
Market
Score: 8

A deep depression in the Finnish economy in the 1990s led to a rapid and dramatic increase in unemployment rates. While the employment situation gradually improved after this recession, unemployment again became a serious challenge following the global economic and financial crisis. Unemployment rates partially recovered after the COVID-19 era, but still remain higher than in the early 1990s.

Labor market disparities persist across demographic groups, with higher unemployment rates observed among youth, older individuals, men and those with lower education levels. While Finland allocates 0.86% of GDP to active labor market policies – nearly double the OECD average of 0.45% – challenges include underutilization of public employment services (PES), with only 44% of job seekers contacting PES in 2020.

Finland is known for its tradition of using active labor market policies to address the adverse impacts of economic crises on employment. The Finnish service repertoire for long-term unemployed individuals is geared toward individualized support and tailored to the needs of each claimant (Kangas and Kallioma-Puha 2015).

Immigrant claimants participating in activation measures or registered as jobseekers can be required to take a Swedish or Finnish language course. Young people below the age of 25 are obligated to apply for a secondary education study slot if they have not already completed this level of education. The policies and regulations in Finland combine accessible out-of-work benefits with active labor market programs to safeguard workers and improve the possibilities of finding a job.

These policies aim to incentivize groups to enter or reenter employment or increase working hours by addressing barriers to employment. Special policies target the proportion of young people not in employment, education or training. NEETs are not allowed to claim unemployment compensation if they have not completed a secondary degree or if they do not apply for a study place in an educational program leading to a secondary degree.

Policies and regulations that help workers achieve a work-life balance, such as remote work arrangements, are decided at the company level. Family reconciliation policies for families with children are set at the national level.

Policies
Targeting Labor
Market Risks
Score: 8

The constitution of Finland (Chapter 19) dictates that all unemployed persons (and persons seeking employment for the first time) are covered through a social security scheme. There have also been policies to incentivize part-time work for unemployed individuals through income disregard schemes, allowing unemployment benefit claimants monthly earnings of up to €300 without any deduction in the benefit amount (Open Unemployment Fund A-kassa 2023). However, Prime Minister Orpo’s government has decided to abolish the so-called income disregard in the unemployment benefit scheme.

Trade union contribution payments are tax deductible in Finland. Collective agreements are binding on all workers, regardless of their union membership. Policies and regulations ensure the full portability of social rights, including social insurance and pensions.

Sustainable Taxation

Policies
Targeting
Adequate Tax
Revenue
Score: 9

In Finland, the state and municipalities have the power to levy taxes. The Evangelical Lutheran Church and the Orthodox Church are allowed to collect their membership fees through regular taxation. Taxation policies are largely effective. Taxes are generally high in Finland because the country has comprehensive healthcare and social security systems, and operates a costly education system that does not charge tuition. In general, the public has a

favorable attitude toward high levels of taxation. In a recent poll, 96% of respondents agreed that taxation is an important means of maintaining the welfare state, and 79% agreed that they paid their taxes willingly.

The taxation policy of Petteri Orpo’s government is designed to enhance household spending capacity, create stronger incentives for workforce participation and contribute to the overall improvement of economic conditions. This policy aims to promote employment and self-employment while fostering a supportive environment for domestic ownership (Ministry of Finance n.d.). The government is committed to refraining from implementing discretionary measures that would raise the overall tax rate, emphasizing a strategy that encourages economic growth and individual financial empowerment. In short, the government strongly addresses possible disincentives in the tax system that may discourage individuals from seeking employment and companies from making investments.

Administrative capacities in Finland are sufficient to collect the taxes levied, and tax evasion is effectively prosecuted. Finland performs well regarding structural balance and redistributive effects. While overall taxation policies generate steady government revenue, they are insufficient to prevent state and municipal budget deficits.

Policies
Targeting Tax
Equity
Score: 7

The state taxes individual incomes at progressive rates ranging from 12.64% (for an annual taxable income of €20,500) to 44% (for an annual taxable income of €150,000) in 2024 (Vero.fi: Tax Administration n.d.). Municipal taxes vary from 4.4% to 10.8%, depending on the municipal authority. Generally speaking, demands for vertical equity are largely satisfied. However, this is less true of horizontal equity.

The corporate income tax rate was lowered in January 2014 from 24.5% to 20%, which is, on average, less than in other Nordic countries and EU member states. Adjustments in recent years have made Finland’s taxation system less complex and more transparent.

Policies Aimed at
Minimizing
Compliance
Costs
Score: 9

Tax administration in Finland has been at the forefront of digitalization. The Vero.fi Tax Administration website and MyTax e-service are the primary points of entry for information and interactions regarding tax issues for individuals and companies. It is currently possible to file tax reports online. Moreover, the tax authorities send a suggested report, and if individuals liable to pay taxes are satisfied with the suggestion, they do not need to take any further action.

Finland has also updated its income register through the tax authorities. The register includes up-to-date information on all payments for various stakeholders, including the tax authorities and social security funds.

Tax rules are transparent and easily understandable. The tax authorities have minimized compliance costs for taxpayers. These rules promote transparency and comprehensibility, reducing administrative collection costs for tax institutions and avoiding expensive tax litigation.

Policies Aimed at Internalizing Negative and Positive Externalities
Score: 6

In Finland, there has been no major shift away from the taxation of labor toward environmental taxation; the share of environmental taxes in tax revenues remains moderate. There are also few other taxes and subsidies introduced to internalize negative externalities. These include taxes on tobacco products and alcoholic drinks. Similarly, very few taxes and subsidies have been introduced to internalize positive externalities. For example, there are no subsidies for basic research that benefits the public, except that foundations do not need to pay tax, regardless of the field of operation of the foundation.

Sustainable Budgeting

Sustainable Budgeting Policies
Score: 7

In Finland, politicians widely recognize that the aging population – particularly the large cohort born immediately after World War II – will necessitate increased public spending to maintain the social security system and access to welfare services. Currently, there are no debt limits or debt brakes to prevent excessive public debt. Instead, at the start of each parliamentary term, the government establishes a framework specifying the maximum limit for budget expenditure and defining the rules governing the framework procedure. The spending limits, which dictate expenditure policy throughout the entire four-year term, are outlined in the initial general government fiscal plan. Each year, in March or April, the government reviews the allocation of budget resources within the established framework detailed in the General Fiscal Plan. Additionally, it adjusts the framework to accommodate changes in cost levels, prices and the structure of expenses within the scope of the spending limits (Ministry of Finance, n.d.a).

The budget process in Finland is transparent. There are no subsidiary budgets outside the normal budget. Additionally, there are no budgetary rules mandating the accumulation of financial reserves during economic expansions to boost financial capacity during times of crisis. The national budget does not explicitly address the SDGs or other transformation goals. Furthermore, there are no target values associated with expenditures for economic and social development.

The objectives of fiscal policy, outlined in Petter Orpo's government program, influence economic structures, thus impacting citizens, households and businesses. Key decisions on taxation, social security benefits, pensions and their funding shape the nation's economic landscape, and these choices are integral to structural social policy with lasting effects on the economy. The implementation of fiscal policy is carried out through instruments such as the general government fiscal plan and the budget.

The fiscal policy of Prime Minister Orpo's government centers on ensuring a welfare society for future generations. The primary goal is to enhance general government finances and reverse Finland's trend of increasing indebtedness. The government aims to limit the general government deficit to a maximum of -1% of GDP by 2027. To achieve this, the government has committed to implementing measures that will improve general government finances by a net €6 billion to €10 billion at the 2027 level of spending (Ministry of Finance n.d.b).

Monitoring and reaction mechanisms ensure the successful implementation of these measures, and the central government's system of spending limits is a key tool for fiscal policy control. Expenditure adjustments, generating permanent savings or increased fee revenue, are estimated to reach a net €4 billion by 2027. Structural policy measures have been outlined to strengthen public finances and stabilize the general government debt-to-GDP ratio by 2027. These measures include reforms to the unemployment benefit system, social security, the tax system, the labor market and other areas, with the aim of boosting employment.

A fixed-term investment program of €4 billion is planned over the current parliamentary term to foster sustainable growth. This program will focus on significant investments in transport infrastructure, reducing the repair backlog and promoting rail projects. It will be financed through the sale of government assets, avoiding an increase in central government borrowing requirements.

The fiscal and structural policy objectives and measures are reported annually in the general government fiscal plan and budget proposals, which align with independent economic forecasts. These documents, including the Stability Program submitted to the European Commission, contribute to the European Semester framework, through which the Commission examines and monitors member states' fiscal policies. However, there are currently no budgetary rules requiring a prioritization of public investment and efforts to safeguard future investment opportunities. The government does not incorporate long-term planning or conduct systematic, forward-looking assessments of the budget's

impact. Nevertheless, long-term planning and systematic assessment are included in the government program.

Sustainability-oriented Research and Innovation

Research and
Innovation Policy
Score: 8

In general, research and innovation policy in Finland focuses on basic and applied research at research institutions, supports startups that convert scientific output into products, and seeks to foster productivity as well as social innovations.

The national research, development and innovation (RDI) road map was finalized in December 2021 (Ministry for Economic Affairs and Employment n.d.). It opens avenues for enhanced collaboration between businesses and research entities. This RDI road map aims to foster sustainable growth and create an environment that attracts domestic and foreign companies to invest in RDI activities within Finland. However, the road map is not binding, and there are no sector-specific action plans.

Twelve public research institutes operate under various ministries, promoting and coordinating the development of social innovations. The primary agency for technological research development is the Technical Research Center of Finland (VTT), which falls under the Ministry of Economic Affairs and Employment. VTT collaborates with companies, research institutes, higher education institutions and policymakers at both the national and international levels.

Regarding R&D activities, other public research institutes are more mission-oriented, encompassing a wide range of research objectives. Their mandates can span basic and applied research, along with additional responsibilities such as monitoring, data collection and management, certification, and inspection (Schienstock and Hämäläinen 2001).

The recognition of companies as key partners for research institutions is reflected in increased private sector cooperation in Finland's research sector. However, successful startup companies tend to be acquired by technology giants (GAFAM), thereby eliminating the benefits of innovations at the local and national level.

Finland was previously among the leaders in research and development (R&D) spending, as well as in the number of researchers and patent applications. In 2014, Finland had the European Union's highest R&D intensity, followed by Sweden and Denmark. However, this leading position declined due to weakening economic prospects.

The innovation system's low level of internationalization is a particular weakness. Moreover, the focus of R&D has been on applied research, with basic research at universities and other institutes benefiting little. In the long run, given the obvious dependence of applied research on basic-research developments, the heavy bias in favor of applied research and the continuing neglect of the financial needs of schools and higher learning institutions will have negative consequences for product development and productivity.

Furthermore, the system of technology transfer from universities to the private sector is comparatively weak, and academic entrepreneurship is underdeveloped.

Stable Global Financial System

Global Financial
Policies
Score: 8

Following the collapse of financial markets in Europe in 2008 and the increased vulnerability of financial markets globally, political leaders in Finland have urged the passage of stronger regulations and more coordinated market supervision. In both attitudes and actions, Finland has positioned itself as an agenda-setter, offering support to countries seeking to advance self-regulation and combat excessive market risk-taking. Finland has also pursued measures to secure its own finances.

In the financial architecture as in other areas of government, Finland has effectively and credibly implemented relevant international agreements to prevent and combat high-risk financial activities that pose systemic risks.

According to a December 2017 report by the International Monetary Fund, Finland's banking system is well-capitalized. The report also noted that relocating the Nordea Group's headquarters from Stockholm to Helsinki will more than triple the size of bank assets under supervision. Importantly, Denmark, Finland, Norway and Sweden all have sound financial systems that have withstood the impact of the European financial crisis.

In 2013, the Finnish government approved the Europe 2020 National Program, which outlines measures and national targets for achieving the goals of the Europe 2020 strategy. The program includes proposals to create an effective national macroprudential supervision system.

The Financial Supervisory Authority, with approximately 200 employees, oversees Finland's financial and insurance sector (Financial Supervisory Authority n.d.). The Financial Markets Department of the Ministry of Finance

sets the rules for financial markets and the framework within which they operate. This department is also responsible for ensuring that the Ministry of Finance's international activities remain effective.

According to the corporate watchdog group Finnwatch, Finland performed poorly in the 2022 Financial Secrecy Index. Among 141 countries, Finland secured the 88th position in the index, compiled biannually by the Tax Justice Network, an advocacy group from the United Kingdom composed of researchers and activists addressing concerns related to tax avoidance and tax havens, focusing specifically on tax transparency issues. Countries facing greater transparency challenges are placed higher in the rankings.

Finnwatch highlighted Finland's particularly weak standing in terms of corporate ownership transparency. In Finland, data regarding ownership beneficiaries' registries are not accessible to the public; only the largest corporate owners are included in the registry. Finnwatch also pointed out that requests for corporate financial statements from the registry incur fees, and court decisions on tax-related matters are not fully disclosed to the public and are not available free of charge (YLE News 2022).

In the international arena, the government of Finland has advocated for coordinated international efforts to reform the global financial system and eliminate tax and regulatory havens. However, Finland is not considered one of the world's top aid initiators or agenda-setters. Finland is a committed partner rather than a leader.

II. Social Sustainability

Sustainable Education System

Policies
Targeting Quality
Education
Score: 8

Governance of the education system in Finland is shared between central and local authorities. The Finnish government defines and sets educational priorities. Meanwhile, municipalities maintain and support schools and daycare centers and have significant responsibility for organizing education, defining educational curricula, funding and hiring personnel. The policies and regulations ensure the provision of necessary financial and human resources, even during times of economic crisis or government transitions. The provision of education services has become an even more important task for the municipalities after they lost the mandate to provide health and social care services beginning in 2023.

The Finnish higher education system is centralized. It consists of 13 universities and 22 universities of applied sciences (UAS) that operate under the aegis of the Ministry of Education, Science and Culture.

The policies and regulations in the education system, by and large, facilitate high-quality education and training.

A national Education and Research Development Plan outlines education policy priorities every four years and guides the government in preparing and implementing education policies. Social and political consensus on the value of education has provided stability for the structure and key features of the education system. Decisions in schools are made either by the local government or the school, depending on how decision-making is organized in the municipality.

Centered on the principle of lifelong learning, education policy in Finland promotes and maintains high educational standards. Teachers are well-trained, and teaching is still considered an attractive profession. In comparison with most other countries, teachers in Finland enjoy a high level of autonomy and are not formally evaluated, and there are very few national tests for students. This facilitates the recruitment of highly skilled educators.

In recent years, the integration of pupils with special needs into regular classes, an increase in bureaucratic burdens due to reporting requirements, and overall cuts in education budgets have led to more dissatisfaction and exhaustion among teachers at the primary and secondary levels. Likewise, a persistent lack of personnel resources in early education in some regions – such as the capital area – endangers the quality of early education.

By and large, Finland's education system has proved successful and, in recent years, even ranked at the top of the OECD's Program for International Student Assessment (PISA). However, while Finland remains among the top performers, the country's ranking appears to be slipping as gender and regional disparities in student performance grow significantly.

The Education and Research Development Plan, revised every four years by the government, directs the implementation of education and research policy goals as stated in the government program. The plan ensures the continuous monitoring of labor market demands, enabling the adaptation of education and training programs – with different effects in different regions – to provide relevant hands-on skills.

Finland's expenditure on educational institutions as a percentage of GDP (for all education levels combined) is above the OECD average, and the country has one of the highest shares of public funding among OECD countries (OECD 2015). The government's education policy facilitates learning for everyone and allocates resources effectively across different levels of education (e.g., preschool, primary, secondary and tertiary). In Finland, students complete nine years of basic education (comprehensive school), with the system focusing on equity and preventing low achievement. At the upper-secondary level, students can choose between general education and vocational education and training options, either of which can lead to tertiary education.

Compulsory education has recently been extended to encompass the ages from six to 18, from the previous range of ages seven to 16. Attainment rates in upper-secondary and tertiary education exceed the OECD average, and Finland boasts one of the OECD's highest enrollment rates in upper-secondary vocational education and training (VET) programs. School dropout rates in Finland are lower than in other EU member states, but rates among people with an immigrant background exceed the national average. The absence of tuition fees, coupled with universal access to study grants (which cover living and housing costs) and student loans, ensures equitable access to education. However, children of parents who themselves attended higher education institutions and have above-average incomes are still more likely to pursue university studies.

Adults (16- to 65-year-olds) in Finland were among the most skilled of any such group in any participating country in the Survey of Adult Skills, with younger adults (16- to 24-year-olds) scoring higher than all adults in Finland and young adults in other countries. It is fair to say that these individuals have access to lifelong learning opportunities.

Education for sustainable development is well integrated into the curricula of all school levels.

By law, all people in Finland must have equal access to high-quality education and training. Basic education is free, and municipalities are responsible for providing educational services to all local children.

The Education Policy Report by the Ministry of Education and Culture (2021) sets the course for inclusive and high-quality education in Finland by 2040, addressing the challenges posed by growing skill requirements and shrinking age cohorts. It delineates the envisioned state of education and research in the 2040s, along with the requisite changes in resources, structures and guidance.

Policies
Targeting
Equitable Access
to Education
Score: 8

The key objectives of education policy are to elevate the quality of education and expand competences across the population, reduce learning outcome disparities, enhance educational equality, and position Finland as an internationally appealing hub for study, research and investment.

The government’s goal, as outlined in the 2021 Education Policy Report, is for Finland to have a cultural and educational foundation by 2040 rooted in effective and high-quality education, research and culture. This foundation is intended to form the bedrock of international competitiveness and citizen well-being. The report envisions improved educational equity and accessibility by 2040, positioning Finland’s education and competence levels among the world’s best. Education and research play pivotal roles in achieving broader societal sustainable development goals.

Key objectives and measures up to 2040 include addressing societal challenges such as demographic changes, regional disparities and technological advancements. The program emphasizes continuous learning and collaboration between work and competences with the aim of protecting individuals and providing a competitive edge for companies. Additionally, the report aims to eventually make early childhood education and care free of charge for a minimum of four hours per day.

Traditionally, the education system in Finland has facilitated equitable access to high-quality education and training. However, Finland has not been particularly successful in providing access to high-quality education for all migrant groups. This concern also extends to equal access to early childhood development, care and preprimary education.

Sustainable Institutions Supporting Basic Human Needs

Policies
Targeting Equal
Access to
Essential Services
and Basic Income
Support
Score: 9

Finland is one of the countries that have adopted the Nordic welfare state model, known for its low levels of poverty and high levels of well-being. The Finnish welfare state is recognized for its universal and comprehensive approach to social protection. Finland has a long-standing tradition of strongly egalitarian policies. On average, residents of Finland consistently rank among the happiest people in the world.

However, income and wealth inequality have increased in recent years, thereby increasing social inequality. Social inequality affects people in many ways. It is manifested in poverty and prolonged need for social assistance. While social policy largely prevents poverty and the income-redistribution

system has proven to be one of the most efficient in the European Union, pockets of relative poverty and social exclusion persist.

Social assistance is a minimum income guarantee scheme that ensures a minimum income level for each household in need. Basic social assistance can be provided to individuals or families residing in Finland whose income and assets do not cover their essential daily needs, such as food and medicine. This means-tested support, aimed as a last resort to combat poverty and social exclusion, is available for all households, not only for people of working age.

Basic social assistance ensures a minimum standard of living for individuals and their dependents when they lack sufficient financial support. All forms of income and assets available to applicants and their families, including any savings in a bank account, affect basic social assistance. Other social security benefits are counted as income. Before applying for basic social assistance, claimants must determine whether they might be entitled to other social benefits, including unemployment benefits, housing benefits, benefits for parents or a sickness allowance (Social Insurance Institution of Finland (KELA) 2020). Basic social assistance is administered by the Social Security Institution of Finland, which is regarded as an effective and transparent institution.

Besides basic social assistance, the regions are responsible for supplementary social assistance for special needs and circumstances. These two benefit schemes offer comprehensive protection for minimum financial means for all disadvantaged groups. The benefits guarantee equal access at a minimum level to housing, water, sanitation, energy, public transport, digital infrastructure and financial services. It is fair to say that the generosity of basic income benefits enables the fulfillment of basic human needs at a base minimum. These policies and services also ensure that the level of cash transfers, subsidies, earmarked financial support or benefits-in-kind meet basic human needs in the aforementioned areas.

There are differences in access to supplementary social assistance across regions, but overall, regions are considered effective institutions. Inequalities in well-being exist between regions and municipalities, depending on demographic composition and economic strength. Generally, the northeastern part of Finland is characterized by higher levels of unemployment and ill health than the southwestern part of the country.

The Petteri Orpo government decided to introduce significant cuts in basic social security benefits, taking effect in 2024. These cuts will affect unemployment benefits, housing benefits and social assistance. The

government also enacted a freeze on index adjustments until the end of its mandate period in 2027. Minimum pensions will remain untouched. According to a calculation by the Finnish Institute for Health and Welfare (THL 2023), the cuts will increase the number of people in need of social assistance by 100,000 (27%) by 2027.

Policies Targeting Quality of Essential Services and Basic Income Support
Score: 8

The generosity of basic income benefits and the associated quality of services enables the fulfillment of basic human needs fairly well in Finland. Housing benefits and social assistance guarantee access to minimum quality housing, water and sanitation services, as well as energy. Basic social assistance is expected to cover public transportation. Public transportation services are of high quality in Finnish cities. Digital infrastructure is accessible to people with low incomes. Financial services are also provided for those with low incomes and payment problems.

There are inequalities regarding the quality of services available to people with low incomes and those with average or high incomes. While the Finnish service system aims to promote health, well-being, functional capacity, work ability and social protection, and seeks to reduce disparities in health outcomes and well-being, not all citizens can access the services they need. Furthermore, the services available sometimes do not adequately meet the needs of particular individuals, leading to continued significant inequalities in health outcomes and well-being. Deprivation is not only experienced during one’s lifetime, but is also passed down from generation to generation.

Sustainable Health System

Policies Targeting Health System Resilience
Score: 8

Health policies in Finland have led to significant improvements in public health, such as a decrease in infant mortality rates and the development of an effective health insurance system. Finnish residents have access to extensive health services despite comparatively low per capita health costs.

The Finnish healthcare system is based on public healthcare services to which everyone residing in the country is entitled. According to the constitution, public authorities must guarantee adequate social, health and medical services and health promotion for all. In other words, it is the constitutional duty of public authorities to provide equal access to high-quality healthcare and disease protection (EU Healthcare, 2020).

In Finland, municipalities were responsible for organizing and financing healthcare until the end of 2022. The responsibility was transferred to the regional level beginning in 2023. Healthcare services are divided into primary

healthcare and specialized medical care. Primary healthcare services are provided at regional healthcare centers, while specialized medical care is usually provided at hospitals.

The aim of the social and healthcare reform of 2023 was to foster investment in digital infrastructure and utilize health data to monitor emerging threats and accurately assess public health matters. This progress is still hindered by the absence of a centralized patient register system used by all regions. The Social Insurance Institution maintains a database holding some patient information, but it is not comprehensively utilized by the regions.

The policies and regulations aim to ensure the availability of health products and services when and where they are needed, even in times of crisis, but many regions still fall short of this objective. This is reflected, for example, in the often-protracted waiting times for services.

Another significant goal of the health and social care reform was to implement measures to counteract the rising costs caused by an aging population and advancements in medical technology. These objectives will not be achieved soon. Instead, costs are expected to increase more than anticipated when the reform was planned.

Policies
Targeting High-
Quality
Healthcare
Score: 8

The aim of the social and healthcare reform in 2023 was to introduce policies and regulations to foster preventive healthcare, including detection and treatment, as well as the adoption of a healthy lifestyle. However, this aim did not materialize. There is only a very minor financial incentive for municipalities and regions to invest in health prevention.

Meanwhile, the government has introduced mandated maximum waiting times to guarantee timely access to services. Maximum waiting times are closely monitored, but in the absence of sanctions, there are many regions in which the regulated waiting-time expectations are not met. The quality of services is maintained through medical professionals who are expected to follow published best practices introduced for different conditions.

The issue of healthcare financing is the most contested health policy topic in Finland (YLE News, 2023). Currently, all funding for the regions is provided by the state on a capitation basis, which does not offer incentives to ensure individuals receive the right care at the right place at the right time. The financing system is under analysis, and new solutions are expected to emerge.

Policies
Targeting
Equitable Access
To Healthcare
Score: 6

The national hospital system delivers high-quality care for acute conditions, but key challenges include improving primary care for the growing number of people with chronic conditions and enhancing coordination between primary care and hospitals.

The Finnish healthcare system divides people into two main categories. Occupational primary healthcare is available for employed individuals. Those outside the labor force – such as the unemployed, temporary workers and self-employed people – rely instead on the public healthcare service, which has fewer resources and offers fewer services. As a result, equitable access to primary healthcare in terms of timeliness, quality and scope, regardless of socioeconomic status, is not ensured. Consequently, socioeconomic inequalities in health outcomes persist (YLE News, 2023).

There is more equitable access to specialized care, but the fact that patients are often channeled from primary to specialized care means there is also unequal access to specialized care.

Integration of occupational primary healthcare and public primary healthcare has proved impossible due to the vested interests of private healthcare companies and labor unions.

However, social and healthcare reform has successfully reduced regional differences in access to essential healthcare, as the number of healthcare organizers was dramatically reduced in the reform.

Gender Equality

Policy Efforts
and Commitment
to Achieving
Gender Equality
Score: 9

In terms of gender equality, the government has embarked on several programs to improve its performance. The Act on Equality Between Women and Men was passed in 1986, and gender discrimination is prohibited under additional legislation. Currently, Finland is considered one of the most woman-friendly countries in the world. For example, in the previous Sanna Marin government, all five leading ministers and party chairs were women. Despite the legislation and changes in attitudes, inequalities between men and women prevail, especially in the labor market, which is strongly segregated. This has resulted in a rather high gender pay gap and a pension gender gap of around one-fifth.

On the other hand, girls are performing much better than boys in schools, resulting in significant gender inequality in higher education, where women occupy more than 60% of the study places.

The Ombudsman for Equality operates as an independent authority with the primary responsibility of overseeing compliance with the Act on Equality Between Women and Men. This role involves closely monitoring adherence to the act, particularly focusing on preventing discriminatory practices. One of the authority's essential functions is to disseminate comprehensive information regarding the Equality Act and its practical application (Ombudsman for Equality n.d.).

Furthermore, the Ombudsman actively works to encourage the implementation of the Equality Act's objectives. This effort includes carrying out initiatives, providing advice and offering guidance to promote equality. The Ombudsman also engages in the crucial task of assessing gender equality across various sectors of society.

In addition to these responsibilities, the Ombudsman plays a proactive role in promoting reconciliation in cases deemed to be discrimination under the terms of the Equality Act. The Ombudsman's authority encompasses matters concerning gender, gender identity and gender expression. This authority extends both to combating discrimination and advancing the cause of equality.

It is important to note that the Ombudsman for Equality operates within the administrative purview of the Ministry of Justice. In fulfilling these duties, the Ombudsman primarily provides guidance and advice in addressing issues related to gender equality.

Strong Families

Family Policies
Score: 9

Family policy in Finland adheres to the UN Convention on the Rights of the Child, as well as other international agreements. Finland's family-policy programs aim to create a secure environment for children, while also providing parents with the physical and mental resources they need. By and large, family policy has been successful. For example, child poverty has been greatly alleviated.

Support for families has three main elements: financial support for services and family leave, child benefits, and the provision of childcare services. The family support system includes maternity leave policies that provide job protection and adequate wage replacement schemes beyond the WHO guidelines of six months. The family support system also provides parents with paid leave to care for sick children, but not for the care of elderly family members in need of assistance. Access to public day care is guaranteed to all children under seven years of age, and allowances are paid for every child until they turn 17.

The traditional nuclear family pattern, with two parents of opposite sexes, is changing. Nontraditional families already account for around one-third of all families in Finland, and the number of blended families and rainbow families is increasing. Existing benefits schemes and service models do not always meet the real needs of families (Eydal et al. 2018). For example, the government program mentioned that access to services – such as couples counseling or divorce counseling, which foster the well-being of families and support parents when they experience parenting or relationship problems – is not systematic or equal across the country.

The core aims of policies aimed at families with children in Finland are twofold: to improve equality among children by ensuring that all children can enjoy a good and safe childhood, regardless of family structure or socioeconomic status, and to enhance gender equality by enabling both parents to work and provide care. Family policies in Finland ensure that parents are supported in caring for their young children by guaranteeing paid parental leave and offering subsidized childcare and family benefits.

However, family policy remains somewhat problematic with regard to gender equality. Although the employment rate among women, especially the full-time employment rate, is among the highest such figures in the European Union, family policies have not fully addressed the challenge of combining parenting and employment. While the number of fathers taking paternity leave has somewhat increased, childcare responsibilities still fall predominantly on women. Additionally, the home care allowance of up to three years encourages Finnish women to leave the labor market for longer periods than is the practice for women in many other countries.

Comparative examinations of Nordic family policies suggest that Finland's family policies have not fully developed to match the more flexible arrangements seen in countries including Norway and Sweden. In general, evidence has shown that family-centered thinking is increasing among Finnish adults and within Finnish culture more broadly.

Additionally, there are social, healthcare and school services aimed at ensuring children receive the best possible care and outcomes. These services are either fully funded by the public sector or require parents to pay small user fees. Parents are entitled to paid leave from work after the birth of a child, and the law guarantees they can return to the same job after the leave period. Under the Employment Contracts Act, employees are entitled to leave during which they can receive maternity, special maternity, paternity or parental allowances (Finnish Institute for Health and Welfare 2020).

Finland grants children legal rights to early childhood education and care (ECEC) services. These services are designed to support women's labor market participation, ensure children's well-being, and, in more recent years, additionally to foster the development of children's social and cognitive skills. In essence, ECEC is an investment in children's present and future. The public sector subsidizes ECEC services, resulting in relatively modest user fees for parents compared to those in other countries.

The most important family cash benefit in Finland is the child benefit, which is paid to parents regardless of their income or means and is the same for all children. Finland provides additional benefits to single parents and a supplement for additional children. In addition to child benefits, if a partnership is dissolved resulting in single parenthood, the parent who legally resides with the child often receives a child maintenance payment from the nonresident parent. The amount and arrangement of the payment are decided during divorce proceedings or in connection with the birth of a child out of marriage, either through mutual agreement or a decision from the court or local authorities. Public authorities guarantee maintenance payments for children. Poverty among families with children is most common in single-parent families and in families where children are under the age of three.

Over the last few years, the value of family benefits have eroded due to the high rate of inflation. However, it is still fair to say that policies and regulations provide financial support (e.g., child benefits, child supplements, tax-free allowances for children) that maintain economic stability for families, ensure basic financial security and support individuals in their decision to have children.

Sustainable Pension System

The Finnish public pension system comprises two distinct schemes: a basic residence-based, tax-financed pension scheme that includes the national pension and the guarantee pension, and a mandatory contributions-based, earnings-related pension scheme. Voluntary occupational schemes and private pension savings play a very minor role. Additionally, the elderly have access to a specific housing benefit scheme. While the earnings-related pension scheme aims at consumption smoothing, the basic residence-based pension – consisting of the national pension and the guarantee pension – aims at preventing poverty by providing an adequate old-age income for individuals in nonstandard employment or with interrupted employment biographies (e.g., low-skilled, self-employed individuals, long-term unemployed people, single parents, chronically ill individuals and those with a migration background).

Policies Aimed at
Old-Age Poverty
Prevention
Score: 9

With the maturation of the earnings-related pension scheme, its role in pension provision has become dominant. In 2022, 65% of retirees in Finland received only earnings-related pensions, around 29% received both earnings-related and national pensions, and 6% received only national pensions. Managed fairly successfully by the social partners and the government, the overall pension policy has largely provided adequate pension provision. Consequently, Finland has largely avoided the classic problem of poverty in old age. However, the oldest cohorts, women and retirees living alone tend to suffer from poverty more often than other retirees.

The level of guaranteed pension is clearly above that of other basic security benefits, such as flat-rate benefits for the unemployed or those on sick leave. Consequently, only a very small fraction of the elderly need to rely on basic social assistance. It is fair to say that the pension system provides an old-age income that enables all citizens to meet their basic needs.

Policies
Targeting
Intergenerational
Equity
Score: 9

The rapid aging of Finland's population and a steep decline in birth rates in recent years have created challenges for maintaining the labor force and ensuring the financial sustainability of the pension system. Current strategies focus on encouraging later retirement in order to secure the financial stability of the public pension system in the future.

A major reform of the pension system in 2005 aimed to increase flexibility and create more incentives for workers to remain employed longer. In 2011, a national guarantee pension was introduced. While these reforms were successful, another significant reform came into effect in 2017, with the main goal again being to extend working lives and ensure the financial sustainability of the pension system. Major changes included a gradual rise in the lowest age of retirement eligibility, the harmonization of pension accrual, an increase in deferred retirement to incentivize longer working lives, the introduction of a flexible part-time retirement status, and amendments to the accumulation rate. A new pension reform is already under preparation. Orpo's government program states that by January 2025, the government will work with the principal labor market organizations on a tripartite basis to assess the measures necessary to stabilize the level of pension insurance contributions over the long term, and significantly reinforce the public finances as a whole over a sustained period using a rule-based fiscal stabilization system.

A recent evaluation by Torben Andersen (2021) found the Finnish pension system to be robust and well-functioning. The key challenges identified included the financial viability of the system, the regulatory framework for pension providers' investment policies, and the widening gap between

pensioners and those active in the labor market. The report also found a long-term tendency toward increasing inequality within the group of pensioners.

Sustainable Inclusion of Migrants

Integration Policy
Score: 6

Immigrants face significant social exclusion, particularly due to poor integration in the labor market. The surge in immigration during 2016 and 2017 exacerbated these challenges. Since the early 1980s, Finland has experienced more immigration than emigration. From 1990 to 2018, the share of the population with a foreign background grew from 0.8% to 7.3%. Several factors have complicated the management of this influx. Second-generation immigrants have struggled to access education or secure employment (Teivainen, A. 2016). Additionally, there are disparities in labor market integration based on migrants' countries of origin. For instance, Ukrainians find employment more easily than migrants from sub-Saharan Africa countries such as Somalia.

Boosting the labor market participation rate was a key target of the previous government's actions. Although Finland has received a fair share of asylum-seekers on a per capita basis, the country is not considered to be among the top destinations for immigrants (Tanner 2011). This is due to various factors. Applying for a Finnish residence permit is still a complicated process, as is applying for Finnish citizenship. Finnish is a difficult language, and proficient language skills are required. While sympathetic to work-related immigration, authorities' general attitude toward immigration is rather restrictive.

Moreover, until the summer of 2017, the True Finns party used its cabinet position as a platform to incite anti-immigrant sentiments. Several demonstrations by anti-immigrant protesters against refugee accommodations turned violent. In 2023, the True Finns party again joined the ruling coalition with the aim of curbing migration. For example, on the True Finns' initiative, the rules concerning family reunification are becoming stricter. Additionally, it will become more difficult to obtain Finnish citizenship. Furthermore, the income requirements for migrants to obtain legal resident status in Finland will be tightened. There are no specific policies to support migrants' political participation.

The officials struggle to develop effective recognition procedures for skills and qualifications, which are crucial for integrating migrants into the labor market. Although language courses are provided early on, the supply does not meet the demand. Similarly, there are professional training programs, mentoring opportunities and employer incentives available for migrants, but these too fail

to meet the demand. Additionally, the programs are not always tailored to participants' needs.

The government has declined to establish specific target values with regard to addressing the needs of migrants and offering them tailored support. The lead unit for migration policy is Migri, which is known for slow processes and strict bureaucracy.

Effective Capacity-Building for Global Poverty Reduction

Management of
Development
Cooperation by
Partner Country
Score: 8

Traditionally, development policy has been an integral part of Finland's security and foreign policy. Development policy aims to eliminate poverty, reduce inequality and achieve sustainable development goals. Finland's approach to development policy aligns with global objectives for sustainable poverty reduction, fundamental rights, a rules-based multilateral system and efforts to realize the United Nations' Sustainable Development Goals (SDGs). This commitment is a core aspect of Finland's foreign and security policy, which is grounded in human rights and core values. The overarching framework for international collaboration is based on the Paris Agreement on Climate Change and the objectives outlined in the 2030 Agenda for Sustainable Development.

The key cross-cutting goals emphasized in Finland's development policy encompass gender equality, nondiscrimination, the promotion of climate-resilient and low-emission development, and environmental protection, with a specific focus on safeguarding biodiversity.

Development cooperation serves as a means to implement Finland's development policy through practical collaboration with developing countries and various partners, including the UN and civil society organizations (Ministry for Foreign Affairs of Finland n.d.). The primary aim is to enhance the self-sufficiency of developing nations, emphasizing the importance of enabling these countries to take responsibility for their own development.

Finland's contribution to international climate funding comes as part of the official development assistance (ODA) managed by the Foreign Ministry.

Humanitarian assistance is an integral component of Finland's development policy, but is independently operated. It is needs-based and adheres to international humanitarian law, human rights treaties and refugee law, as well as UN-established principles such as humanity, impartiality, neutrality and independence.

The Government Report on Development Policy across Parliamentary Terms, adopted in 2021, reaffirms Finland's commitment to long-term development policy. The report's preparation involved a parliamentary monitoring group representing all political parties and consultations with diverse societal actors.

Finland actively addresses major global challenges through development cooperation, humanitarian assistance and contributions to international climate finance. The pursuit of a prosperous, stable and equitable world aligns with Finland's best interests. The country's efforts focus on four priorities: protecting the rights of women and girls; reinforcing developing countries' economies so they can generate more jobs while improving livelihoods and well-being; supporting democratic and well-functioning societies, including ensuring taxation capacity; and supporting food security, access to water and energy, and sustainability in the use of natural resources.

Since 2023, when the True Finns party joined the ruling cabinet, there have been significant cuts and shifts in emphasis in Finnish development policy. Finland has reduced the amount of humanitarian aid provided, and directed more aid to Ukraine and less to the Global South.

Finland still emphasizes the primary role of the United Nations in coordinating the provision of aid and generally channels its humanitarian aid funds through UN organizations. Finland is committed to the United Nations' 2030 Agenda for Sustainable Development and Sustainable Development Goals.

The existing cooperation policies align with efforts aimed at capacity-building for poverty reduction. However, no binding standards exist with regard to developing actions for global poverty reduction in collaboration with recipient countries and local actors.

Finland has emphasized development financing for infrastructure projects. These projects also aim to improve access to technology and scientific knowledge in order to facilitate knowledge-sharing and foster innovation in developing countries. However, providing access to affordable essential medicines, vaccines and healthcare services – including efforts to recruit, train and retain a sufficient health-sector workforce – is not part of Finland's development policy.

Overall, Finland is not considered one of the world's top aid initiators or agenda-setters. In terms of building capacity to reduce poverty and provide social protection in low- and middle-income countries, Finland is more of a committed partner than a leader.

III. Environmental Sustainability

Effective Climate Action

Policy Efforts
and Commitment
to Achieving
Climate
Neutrality by
2050
Score: 8

Finland is dedicated to achieving carbon neutrality by 2035, as per its government program and the Climate Change Act of 2022. Effective from 2022, this act establishes emissions reduction targets for 2030, 2040 and 2050, with a specific focus on carbon neutrality by 2035. The act – a cornerstone of Finland’s climate policy – now encompasses emissions from the land use sector and includes a novel target focusing on enhancing carbon sinks (State Treasury 2021).

Emissions reduction goals in the Climate Change Act are derived from recommendations issued by the Finnish Climate Change Panel aiming for a 60% reduction by 2030, 80% by 2040 and at least 90% – with an aspiration of reaching 95% – by 2050, relative to 1990 levels. The revamped Climate Change Act reaffirms these emission reduction targets for the specified years. The targets are binding in the sense that they are expressed in law. They have been broken down into specific areas.

The strategy and designated policies regarding the aforementioned goals are comprehensive. The Annual Climate Report for 2022 documented a roughly 4% decline in Finland’s emissions. However, additional measures are deemed necessary, particularly to fortify the carbon sink in the land use sector.

The government monitors progress through the independent climate council, the Finnish Climate Change Panel, which uses a set of indicators to assess progress.

Current estimates suggest that achieving the 60% emissions reduction target by 2030 will be feasible. Notably, the emissions trading sector witnessed a substantial 6% decrease in 2022, primarily attributed to changes in energy use, including a halving of natural gas consumption due to rising prices and the discontinuation of Russian imports. A swift phaseout of fossil fuels in the electricity and heat production sectors is anticipated in the coming years, potentially surpassing initial expectations.

The land use sector became a minor carbon sink in 2022, but fell short of the targeted level. The forest carbon sink’s size fluctuates yearly; however, it has

notably decreased in recent years due to increased forest harvesting, slowed forest growth and heightened soil emissions from peatlands.

The achievement of the EU-mandated effort-sharing sector's obligations remains uncertain, with a 3% decrease in emissions in 2022. However, emissions from transport and agriculture – the sector's largest emissions sources – remained largely unchanged from the previous year. The EU's agreed-upon target for Finland is a 50% reduction in emissions by 2030.

To achieve its ambitious climate targets, the Finnish government is focusing on a clean transition and industrial investments. The emphasis is on doubling clean electricity production, increasing the share of renewable energy, and phasing out fossil fuels in heat and electricity production by the 2030s.

However, as part of the 2023 government program, it was decided to make gasoline more affordable, undermining climate goals. Currently, public procurement is not aligned with the climate action strategy. The courts do not review the achievement of climate targets.

Effective Environmental Health Protection

Policy Efforts
and Commitment
to Minimizing
Environmental
Health Risks
Score: 9

The Ministry of Social Affairs and Health (MSAH) is responsible for identifying, preventing and eradicating health hazards arising from the environment. This includes the oversight of health protection, the formulation of relevant legislation and the supervision of chemical control programs to avert health risks. Additionally, the MSAH monitors the use of gene technology, supervises biotechnology and ensures the sector's responsible development, considering the impact of biotechnology both on human health and the environment (Ministry of Social Affairs and Health n.d.).

As the supreme supervisory and guidance authority, the MSAH spearheads the assessment of health hazards associated with nanomaterials and nanotechnology. It also leads efforts to protect the population from harmful radiation. The ministry actively engages in coordinating environmental healthcare at the municipal level. Strategic priorities for environmental health promotion include integrating health hazard assessments into planning and decision-making; ensuring safe drinking water access; enhancing authorities' capacity to investigate food and waterborne epidemics; and addressing the potential health effects of nanomaterials, endocrine disruptors and combined chemical exposure.

The MSAH prioritizes intensified collaboration between municipalities in the context of environmental healthcare, ensuring chemical safety on the market, contributing to healthy indoor environments with other ministries and guaranteeing societal functioning in special environmental health situations. The ministry is dedicated to researching and implementing regulations addressing environmental health risks associated with gene technology and biotechnology, thereby providing guidelines for the safe application of new technologies.

Water pollution remains a significant challenge in Finland, particularly due to nutrient emissions from farms. While efforts have successfully reduced emissions from large industrial facilities and cleaned polluted lakes and rivers, approximately 1,500 lakes still require active restoration measures to combat eutrophication. Despite the lack of a specific prevention strategy with defined goals, ongoing activities within the MSAH help prevent environmental pollution and associated health risks. The ministry implements effective policies to support initiatives focused on protecting environmental health.

Effective Ecosystem and Biodiversity Preservation

Policy Efforts
and Commitment
to Preserving
Ecosystems and
Protecting
Biodiversity
Score: 9

With approximately 48,000 animal and plant species, constituting around 30% of Europe's described species, Finland is home to significant biodiversity. Despite the growth in the bear population, it remains a "near threatened" species due to hunting restrictions. The country's diverse ecosystems – including vast forests, freshwater resources and extensive coastline – contribute to its rich biodiversity (State Treasury 2023).

A periodic assessment in 2019 revealed that 11.9% of evaluated species were threatened, with birds, reptiles and amphibians having the highest proportions of threatened species. Forest changes, such as the reduction of old-growth forests and large trees, forest management practices, and insufficient deadwood, pose a significant threat to species. Open habitat overgrowth and climate change – particularly affecting fell areas – are also concerns.

Finland is developing a new National Biodiversity Strategy and a corresponding action plan extending to 2030. This initiative considers domestic goals and aligns with the objectives outlined in the UN Convention on Biological Diversity and the recent EU Biodiversity Strategy (State Treasury, 2023).

The overarching aim of this strategy is to bolster biodiversity protection and facilitate the rehabilitation of degraded ecosystems. Additionally,

methodologies for measuring the impact of human actions will be developed. The strategy and action plan will be closely aligned with international and EU objectives.

The need for a new biodiversity strategy arises from the ongoing decline in the biodiversity of Finland's natural environments, with the rate of decline accelerating, particularly in the case of threatened species. The strategy aims to halt biodiversity loss by 2030 and seeks to reverse the trend by promoting recovery by 2035.

The previous National Action Plan for the Conservation and Sustainable Use of Biodiversity (2013 – 2020) aimed to halt biodiversity loss in Finland by 2020. Emphasizing the economic and cultural values of biodiversity, the plan integrated environmental considerations into all societal sectors, engaged new stakeholders in nature conservation efforts, and underscored decision-making based on sound scientific knowledge (Ministry of the Environment n.d.).

The plan also acknowledged Finland's global responsibility for natural environments, incorporated traditional knowledge from the Sámi people, and considered international and EU objectives. Successful aspects included communication and training, international cooperation, and monitoring. However, despite numerous completed measures, only a fraction resulted in clear improvements, often due to insufficient clarity or ambition. Effective measures involved cooperation, independent implementation, self-funding and efficient information production. The most impactful themes were communication, financial steering, legislation, zoning and land use, and habitat restoration and management.

Finland's forests are its most valuable natural resource. The overall annual growth rate of trees in these forests exceeds the total timber harvest, a result of institutionalized protections. Despite these efforts, attempts to halt the ongoing decline in biodiversity have proved insufficient, even though the government has created networks of protected areas.

The environment and natural resources are among the responsibilities of 13 centers for economic development, transport and the environment. The Ministry of Employment and the Economy supervises the general administrative work of these centers.

Recent research suggests that in environmental matters where economic factors play a key role, there is a trend toward restricting citizens' rights to be informed about and influence decisions.

Policy Efforts
and Commitment
to a Global
Environmental
Policy
Score: 7

Effective Contributions to Global Environmental Protection

Development aid in Finland has five emphasis areas: the rights and status of women and girls, quality inclusive education, sustainable economies and decent work, peaceful and democratic societies, and climate change and the sustainable use of natural resources. There is no specific road map for environmental cooperation.

In the realm of climate policy, Finland is committed to fulfilling the objectives of the Paris Agreement. The country actively contributes to international climate and environmental finance efforts, activities supporting environmentally sustainable development, and measures helping vulnerable nations adapt to climate change. In this way, Finland contributes to capacity-building and skills development in developing countries, with the aim of assisting them in formulating and implementing sustainable environmental plans.

While Finland is committed to observing many multilateral and bilateral environmental agreements concerning climate change and air pollution, it is not among the primary agenda-setters for advancing international regimes.

The Ministry for Foreign Affairs has developed guidelines for organizing environmentally sustainable meetings, conferences and seminars.

To some extent, Finland engages in the development, transfer and dissemination of environmentally sound technologies to developing countries on favorable terms. Finland invests in research and clean energy solutions.

Monitoring in the development aid area is mostly focused on the potential misuse of funds (Ministry of Foreign Affairs of Finland n.d.). Apart from Agenda 2023 indicators, there are no other indicators to measure capacity-building outcomes.

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