

# SGI

Sustainable  
Governance  
Indicators

## 2015 Finland Report

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## Executive Summary

Finland is a model democracy that has established a democratic basis for government reform, problem-solving and social improvement. International rankings continuously demonstrate the effectiveness of Finland's model. For instance, Finland has repeatedly been awarded the highest ranking for political liberties and civil rights by Freedom House and, since 2008, in Reporters without Borders' Worldwide Press Freedom Index. While the level of corruption in the country is low, Finland has lost its leading position in world indexes of corruption. This follows scandals concerning political financing, which subsequently led to the introduction of legislation requiring sources of political donations to be disclosed. Electoral system reforms, though marginal, have increased the proportionality of the system, while a participatory method – introduced in 2012 – enables citizens to present legislative changes before parliament. Parliament has already decided one citizen initiatives, with further initiatives awaiting parliament's decision.

While Finland's economy is among the more stable European economies, its economic outlook is less favorable. The economy has recently entered its third recession within six years and its AAA rating is under threat. Public debt is increasing and unemployment figures are alarming, with an increase in youth unemployment a particular cause for concern. Furthermore, in the wake of the economic crisis, attitudes toward immigrants has hardened, with the main political parties failing to challenge such attitudes. In part, this hesitation may be explained by the growing support for the populist, anti-immigration True Finns Party. Similarly, attitudes toward Finland's Swedish-speaking minority have hardened, despite the bilingual nature of Finland and constitutional protections.

In general, the performance of the previous government of Prime Minister Jyrki Katainen, was rather poor. Katainen's government was a coalition of six parties, which included members of right-wing and left-wing parties. Under economic crisis, this broad coalition framework fragmented along ideological lines, with government decisions on taxation, employment and social welfare reflecting the ideological positions of the relevant ministers. Following the withdrawal of two parties from the governing coalition and cabinet reshuffles in 2014, the new government of prime minister Alexander Stubb now comprises four parties. However, the new government commands a slender

majority of 3 MPs. It is likely that this government will perform the role of a caretaker, before parliamentary elections in early 2015. A recent reform, which introduced business practices into higher education, has largely failed. Meanwhile, government attempts to restructure local government, through amalgamating local government services, has evoked resistance within government and among the public more widely. In 2013, Finland failed in its application to become a non-permanent member of the United Nation's Security Council, though this lay beyond the influence of the government. Concerning environmental issues, continuous problems arising from the location of mining activities indicate ineffective environmental management and policy framework.

Large-scale institutional reforms, and similar arrangements for promoting governance and decision-making, have not been undertaken during the assessment period. For instance, the government has retained its system of program management and its strategy planning procedures. However, the lack of reform is not evidence of government deficiency, but rather the quality and comprehensiveness of the inherited system.

Finland's present economic and governance-related challenges are comparatively surmountable. Although, the causes of these challenges are beyond the control of the government. The repercussions of the global and European economic crises present several challenges for the economy, and have directly and indirectly undermined the public sympathy for the values and political agendas of the EU. However, the recent security developments – involving, for example, Russian military and political intervention in Ukraine – have led to a rise in pro-EU and -NATO attitudes among the public.

## Key Challenges

Although Finland's political system represents a model polity, current democratic prospects are less encouraging. Overall, public perceptions of the legitimacy and trustworthiness in Finland's democratic institutions are deteriorating. This is evidenced by low electoral turnouts and declining membership in political parties. Furthermore, survey data indicates that public trust in political institutions, such as the parliament and government, could be improved. However, public interest in politics and trust in political institutions has increased slightly over the assessment period. Low participation and institutional trust partially results from the instability of recent governments. This instability is caused by the necessity for recent coalition governments to be formed of several political parties in order to achieve a working

parliamentary majority. The broad and unstable nature of recent coalition governments undermines government accountability and transparency, and limits the possibility for the public to fully understand and engage with the processes of public policy-making.

Radical innovative measures and political engineering are required to reverse this trend. In particular, revitalizing representative democracy requires the input of new participatory institutions, such as binding referendums. Yet, some progress has been made. For example, a new mechanism (the so-called citizens' initiative) obliges parliament to debate any petition that receives at least 50,000 signatures. Several initiatives are currently awaiting parliamentary consideration. However, while a start, this mechanism is non-binding and parliament retains the right to reject any initiative. The first successful initiative, proposing same-sex marriage, was passed by a slim parliamentary majority in November 2014.

National security, whether internal or external, as well as foreign policy issues are a substantial challenge. First, concerns about Finland's proximity to Russia – given Russia's political and military intervention in the Ukraine, and the deteriorating relationship between Russia and EU member states – has led to an increased pressure on the government to form alliances with international partners. Political and public attitudes toward EU and NATO membership, which had been deteriorating before the recent security crises, are increasingly more favorable. Second, current institutional arrangements divide responsibility for foreign affairs (excluding those related to the EU) between the president and the government. The limited constitutional basis for this duality creates uncertainty both abroad and domestically. Third, the long-term increase in the average age of Finland's population has created a strong demand for migrant workers. However, this economic demand conflicts with public attitudes toward immigration. These attitudes are represented by the True Finns party, which has increased its electoral support in recent parliaments. Consequently, the main political parties are hesitant to pursue policy initiatives that would increase immigration.

The executive capacity of the government remains strong. The Government Program framework works well, and forms the basis for strategic planning and implementation. Strategic governance is also promoted by effective inter-ministerial coordination, the Government Office's ability to independently monitor and evaluate public policies, and the oversight capacities of cabinet committees and working groups. Also, interest associations and groups are widely consulted during the preparation of legislation. However, local government executive capacity is frequently undermined by inadequate funding, while reforms to amalgamate and restructure local governments

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remain ambiguous. Furthermore, the restructuring of administrative boundaries has failed to appropriately consider the effects that this will have on the constitutionally protected rights of Finland's Swedish-speaking population. Generally, there appears to be a lack of appreciation for the contextual nature of public policy challenges confronting Finland. There is no one-size-fits-all policy solution, but rather the solution will be built upon combinations of policies rooted in a division of responsibilities between local and central governments.

# Policy Performance

## I. Economic Policies

### Economy

Economic Policy  
Score: 7

The Finnish economy has not recovered to its pre-recession levels of 2008. Preliminary data, available at the time of writing, indicates that Finland has entered its third recession in six years. GDP contracted 0.8% between the third and fourth quarters of 2013. Furthermore, while other Nordic countries are emerging from recession, due to lowered export competitiveness, weakened investment and subdued private consumption, Finland faces continued negative growth and the threat of losing its AAA rating. In fact, the impact of the recession on public finances has been so strong that a full recovery will not be achieved for several years.

Fiscal policy is a concern as public debt is growing and as government spending exceeds 50% of GDP. To restore fiscal sustainability, the government is prioritizing greater budgetary prudence and eventually balance. The government is also seeking to raise the minimum statutory retirement age, while improving incentives for people to continue working into later life. The government has also been working toward reform of the system of wage setting. So far efforts and outcomes have been mixed. However, significant reforms of the retirement system, which in September 2014 are in the negotiation phase between the employer and employee interest organizations, must be realized. Otherwise, further fiscal consolidation will soon be needed to manage the increasing costs of Finland's aging population.

While the Finnish economy continues to be among the world leaders in several measures of economic freedom, the performance of the country has declined. According to the Heritage Foundation 2014 Index of Economic Freedom, Finland's economy was ranked 19 among the freest economies, a fall from its 2012 rank of 16. In the European region, Finland was ranked nine out of 43 countries in 2014, but seven in 2012. This relative decline can be attributed to

the deterioration in fiscal freedom, business freedom and the management of government spending. Still, during the assessment period, the government has maintained monetary stability and encouraged entrepreneurship. Finland remains open to international trade and investment, as its investment regulations are transparent and efficient.

Citation:

“OECD Economic Surveys: Finland 2014”, <http://www.oecd.org/eco/surveys/economic-survey-finland.htm>  
 “Heritage Foundation 2014 Index of Economic Freedom”, <http://www.heritage.org/index/ranking>  
 Kati Pohjanpalo, “Finnish Economy Falls Back Into Recession”, <http://www.bloomberg.com/news/2014-02-14>

### Labor Markets

Labor Market  
Policy  
Score: 7

A deep depression in the Finnish economy in the 1990s resulted in a rapid and dramatic increase in unemployment. This trend was further aggravated by the recent European economic crisis. The unemployment rate in July 2014 was 7.0%, an increase from 6.6% in July 2013. Comparatively, present achievements in stemming long-term unemployment, youth unemployment and low-skilled unemployment are not satisfactory. The high level of youth unemployment is a particular cause for concern. Pursuing active labor market policies, recent government strategies include efforts to improve employment subsidies and labor market training. In 2010, the government initiated measures to promote self-motivated education and training for unemployed people receiving unemployment benefits. Youth unemployment is a special target for reforms that entered into effect at the beginning of 2013. While Finland maintains a system of minimum wages and collective agreements, more attention, however, is needed in matters of worker dismissal protections. Structural, institutional and political factors add to present difficulties. Finland is a large, but sparsely populated country. Consequently, geography is an obstacle to labor mobility. Globalization has also become a threat to labor market strategies, as companies reduce their costs by moving production abroad. In many sectors, the amount of temporary work contracts is increasing. All this, of course, works against employment and job security.

Citation:

Heikki Räisänen et al., “Labor Market Reforms and Performance in Denmark, Germany, Sweden and Finland”, Publications of the Ministry of Employment and the Economy, Nr 19/2012; <http://www.fiindikaattori.fi/fi/41>, Tilastokeskus/Työvoimatutkimus.

### Taxes

Tax Policy  
Score: 9

In Finland the state, municipalities, the Evangelic Lutheran Church and the Orthodox Church have the power to levy taxes. Taxation policies are largely

effective. An individual's income is taxed on a progressive scale of between 6.5% and 31.75%, in 2013 and 2014. Meanwhile, municipal taxes range from 16.25% to 21.75%, depending on the municipal authority. As a result demands for vertical equity are largely satisfied. However, this is less true for horizontal equity. A net wealth tax was abolished in 2006 and recent efforts to boost employment (among other plans) through taxation discriminated between economic actors. The corporate income tax rate was lowered in January 2014 from 24.5% to 20%. Adjustments in recent years have made Finland's taxation system less complex and more transparent. Finland performs well in regards to structural balance and redistribution effects, and overall taxation policies generate sufficient government revenue. Taxes are generally high in Finland, because the country has a high-quality, but expensive health care and social security system, and operates an efficient, but costly education system. When compared to most other countries, Finland has a unique situation in which public opinion understands that taxation is a necessary means for securing overall social welfare.

Citation:

[http://www.vero.fi/fi-FI/Syventavat\\_rotus/Vuoden\\_2013\\_valtion\\_tuloveroa\\_steikko%2825864%29](http://www.vero.fi/fi-FI/Syventavat_rotus/Vuoden_2013_valtion_tuloveroa_steikko%2825864%29) \_veroohjeet/Henkiloasiakkaan\_tulove

for 2013 income tax schedule; Tim Begany, "Countries with the Highest Taxes

<http://www.investopedia.com/>

## Budgets

Budgetary Policy  
Score: 9

The Government Program of the current government – led by Prime Minister Alexander Stubb – continues to build on the Government Program, the Structural Policy Program and the public finance adjustment policies of the previous government of Jyrki Katainen. The current government's economic policy program aims to strengthen the economy's growth potential, to raise the employment rate, to bolster household spending power and to improve international competitiveness. Accordingly, the government is committed to an active fiscal policy that supports economic growth and employment, a reduction of the central government debt-to-GDP ratio and to maintaining Finland's current credit rating. Despite the impact of an unfavorable economic environment, the government has been able to promote most of its goals and ambitions. While the debt crisis in Europe has slowed economic growth, Finland has kept its budget deficit in line with EU rules and the government seeks to halt the growth of debt by 2015 to secure its top AAA credit rating. Comparatively speaking, prospects are fairly good. While government debt in 2012 was considerably higher than in 2008, according to the European Commission, debt was still much less than the average government debt in the euro area. Starting from a decision over central government spending limits for



the period 2013 to 2016, the government annually reviews the need for additional fiscal policy adjustments.

### Research and Innovation

R&I Policy  
Score: 9

Finland has for some time been a forerunner in research and development (R&D) spending as well as in its number of researchers and patent applications. Yet, perhaps less so in terms of computer technology and Internet access. Among the EU member states, Finland had the highest R&D intensities in 2013, followed by Sweden and Denmark. However, this position has weakened in recent years. An important role as a source of R&D funding is played by the business enterprise sector. Indeed, Finland's reputation as a high-tech country is well-earned. However, the focus of R&D has been on applied research to the disadvantage of basic research, and universities and other basic research institutes have not benefited. In fact, this has become even more accentuated of late. In the long run, this heavy bias in favor of applied research, given the dependence of applied research on developments in basic research, will have negative consequences for product development and productivity. Moreover, the technology transfer from universities to industry is below par and academic entrepreneurship is not well developed.

### Global Financial System

Stabilizing  
Global Financial  
Markets  
Score: 9

Following the collapse of financial markets in Europe and the increased vulnerability of financial markets globally, political leaders in Finland have urged for stronger regulations and more coordinated market supervision. Finland, in terms of its attitude and action, has presented itself as an agenda-setter with its support of countries seeking to advance self-regulation and combat excessive market risk-taking. Finland has also pursued measures to secure its own finances. In 2013, the Finnish government approved two national programs, to be delivered to the European Commission. The first, the Stability Program, described the medium-term economic development of the Finnish economy in terms of fiscal policy. The second, the Europe 2020 National Program, described measures by which national targets set on the basis of the Europe 2020 strategy will be achieved. The Government Program includes proposals for measures to create an effective national macro-prudential supervision system. To this end, a working group has proposed that provisions on fixed and counter-cyclical additional capital buffers be added to the Credit Institution Act, in accordance with the minimum requirements of the directive. For the Financial Supervising Authority, the group proposes a conditional right to limit the amount of housing, real estate and securities-backed credits.

Citation:

“Finanssimarkkinoiden makrotaloudellisten vaikutusten sääntely ja valvonta”, Työryhmän muistio 32/2012, Ministry of Finance, Publications 2012.

## II. Social Policies

### Education

Education Policy  
Score: 9

Built on the principle of lifelong learning, education policy in Finland promotes and maintains a high standard of education. All people by law 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. Finland has 20 universities and 30 polytechnics, and close to 70% of high school graduates enter higher education. Nevertheless, the proportion of graduates from higher education (those 25 to 34 years old) has been comparatively low and the number of graduates overall has been rising more slowly than in many other OECD countries. By and large, Finland’s education system is successful and, in the OECD’s Program for International Student Assessment (Pisa), Finland has ranked top in recent years. The Education and Research Development Plan, revised every four years by the government, is the key document of education and research policy in Finland. It directs the implementation of education and research policy goals as stated in the Government Program. From 2011 to 2016, the plan will focus on the alleviation of poverty, inequality and exclusion. In 2012, a National Working Life Development Strategy was completed.

Citation:

Education and Research 2011-2016. A development plan. Reports of the Ministry of Education and Culture, Finland 2012:3

### Social Inclusion

Social Inclusion  
Policy  
Score: 8

The Finnish constitution safeguards basic economic, social and educational rights for all people, and is guaranteed by the state and municipal authorities. The reality, however, does not completely live up to the law. While social policy has largely prevented poverty and the income redistribution system has proven to be one of the most efficient in the EU, pockets of relative poverty and social exclusion still prevail. Furthermore, inequalities in well being and social exist between regions and municipalities, depending on demographic composition and economic strength. In general, the global economic crisis has

exposed an increasing number of people to long-term unemployment and poverty.

In terms of life satisfaction and gender equality, Finland has embarked on a number of programs to improve its performance. The government has passed an Act on Equality between Women and Men, and gender discrimination is prohibited under additional legislation. Despite this legislation, however, inequalities prevail between men and women, especially in the work place. The government has placed a particular emphasis on programs for at-risk youth, from 15 to 17 years old, who experience social exclusion as well as programs to create equal opportunities for disabled individuals. Immigrants are another group that faces social exclusion, especially due to poor integration in the labor market.

Citation:

“Socially Sustainable Finland 2020. Strategy for Social and Health Policy”, Ministry of Social Affairs and Health, Helsinki, 2010.

## Health

Health Policy  
Score: 8

Health policies in Finland have led to 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. Yet, criticisms regarding life expectancy, perceived health levels, an aging population and inadequate provision of local health care resources are common. It is estimated that Finland’s old age dependency ratio will be the highest among EU countries by 2025. Many clinics formerly run by municipal authorities have been privatized, which has led to increasingly attractive employment conditions for physicians.

Government planning documents outline preventive measures. For example, the 2015 Public Health Program is a central document which describes a broad framework to promote health across different sectors of government and public administration. Similarly, the Socially Sustainable Finland 2020 strategy, sets out the current aims of Finland’s social and health policy. An action plan for gender equality was approved by government in 2012. A major structural reform plan (SOTE) seeks to move responsibilities for social welfare and health care services from municipalities to larger governmental entities. At the time of writing, however, final decisions concerning the implementation of the plan still remain to be taken.

## Citation:

“Government Resolution on the Health 2015 Public Health Programme”. Helsinki: Publications of the Ministry of Social Affairs and Health, 2001; Juha Teperi et al., “The Finnish Health Care System”, Sitra Reports 82, 2009; “Socially Sustainable Finland 2020. Strategy for Social and Health Policy”, Ministry of Social Affairs and Health, 2014.

## Families

Family Policy  
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 program aims to create a secure environment for children and support the physical and mental resources of parents. Family policy has been successful. For example, child poverty has practically been eradicated in Finland. The support for families has three main elements: financial support for services and family leave, child benefits and provision of day care services. Access to public day care is guaranteed to all children under seven and allowances are paid for each child until they turn 17. However, family policy remains to some extent problematic in relation to gender equality. As female employment is among the highest in the EU and the fertility rate has increased, family policies have not been able to fully solve the challenge of combining parenting and employment. In practice, although the number of fathers that take paternity leave has increased, child care responsibilities still fall predominately on women and mothers are more likely to be in part-time employment than fathers. Also, Finnish women tend to leave the labor market after having a child for a longer period than women in other countries. Yet, evidence has shown that family-centered thinking is increasing among Finnish adults and within Finnish culture. The family has become more important for the individual.

## Citation:

Katja Repo, “The Contradiction of Finnish Childcare Policies”, <http://www.reassess.no/reassessassets/20608/20608/ppt#256.1>

## Pensions

Pension Policy  
Score: 9

The Finnish pension system has two pillars: a residence-based, national pension and an employment-based, earnings-related pension. Private pension schemes also exist. Successfully managed by social partners as well as by the government, overall pension policy and the mixture of public and private pension schemes has been able to effectively provide support for Finnish citizens. Finland has been able to avoid the classic problem of poverty in old age. The average pension by the end of December 2013 was €1,760 per month for men and €1,376 per month for women. The total number of pension

recipients was 623,210 men and 762,540 women. Still, the aging of Finland's population creates problems in terms of labor-force maintenance and fiscal capability, and the economic crisis in Europe has added considerably to these problems. A reform of the pensions system between 2004 and 2005 aimed to introduce greater flexibility into pension policy and create more incentives to encourage workers to stay in employment later in life. While these reforms were successful, further reforms are scheduled for 2017. In September 2014, social partners agreed on further gradual raise of the lowest retirement age to 65 (with exceptions for labor intensive occupations at 63), flexible retirement and amendments of the accumulation rate. The results of these negotiations gives cause for cautious optimism regarding the financial sustainability of the pension system.

Citation:

Nicholas Barr, "The Pension System in Finland: Adequacy, Sustainability and Systems Design", Finnish Centre for Pensions, Helsinki 2011.

"Earnings-related Pension System in Graphs and Figures", Finnish Centre for Pensions, 2014.

Vuoden 2017 työeläkeuudistus.  
[http://www.etk.fi/fi/service/el%C3%A4keuudistus\\_2017/1628/el%C3%A4keuudistus\\_2017](http://www.etk.fi/fi/service/el%C3%A4keuudistus_2017/1628/el%C3%A4keuudistus_2017). Finnish Centre for Pensions 2014.

## Integration

Integration Policy  
Score: 8

Finland, according to a policy study on immigrant integration, when compared to EU countries, the US, Canada and Switzerland, was ranked fourth in terms of how its legislation and policies help newcomers adopt to their new circumstances. The study however does not measure in full the practical success of integration efforts in the various countries and may therefore give a somewhat exaggerated view of the Finnish situation. Second generation immigrants have had difficulties entering education or finding work, while the employment situation – when measured by indicators for employment rates for foreign-born workers, comparative employment rates between foreign-born and native-born workers, and generational concerns for foreign-born workers – is certainly troubling.

Increasing labor market participation is one of the key targets of the government's Future of Migration 2020 Strategy. Although the Finnish immigrant population has increased sixfold from 1990 to 2009, the number of foreign-born or Finnish citizens who were born abroad living in Finland is approximately 300,000 out of a population of 5.4 million (5.5%). In general, Finland is not considered among the top destinations for immigrants. This is for various reasons. 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. For example, the

police recruitment process requires a very high level of language proficiency.

While sympathetic to work-related immigration, the attitude of authorities to immigration is restrictive. According to a Gallup poll the share of favorable attitudes among the public toward immigration is decreasing. The True Finns party politicizes anti-immigrant resentments.

Citation:

Arno Tanner, "Finland's Balancing Act", <http://www.migrationinformation.org/feature/display.cfm?ID=825>

### Safe Living

Safe Living  
Conditions  
Score: 9

Finland is still among the safest countries in Europe. Although, its rate of violent crime, and homicides in particular, is relatively high. Finnish citizens, according to polls, regard the police as one of the most reliable public institutions. In 2004, the government established the First Program on Internal Security. This program was modified and expanded in 2007. In June 2012, the government adopted the Third Internal Security Program, which aimed to reduce citizen's daily security concerns. The program places an emphasis on measures to prevent social exclusion and social polarization. In sum, the program includes 64 measures, each designating a responsible agency and a timetable for implementation. The program's overall implementation will be monitored by the Ministry of the Interior. Additionally, the government has adopted or is considering national strategies for combating organized crime, the informal economy and terrorism.

Citation:

"Turvallisempi huominen. Sisäisen turvallisuuden ohjelma." [A more secure tomorrow. Programme of Internal Security] 26/2012. Ministry of Interior, Helsinki.

[http://www.intermin.fi/en/development\\_projects/internal\\_security\\_programme](http://www.intermin.fi/en/development_projects/internal_security_programme)

### Global Inequalities

Global Social  
Policy  
Score: 8

Based on international humanitarian law, international human rights treaties and laws regarding refugees, Finnish humanitarian aid is committed to aid principles as laid down by the OECD Development Assistance Committee. These principles emphasize the provision of aid solely on the basis of need and Finland requires that recipient countries make formal requests to the UN for aid. Finland emphasizes the primary role of the UN in coordinating the provision of aid, and channels its funds for humanitarian aid through UN organizations. In terms of development coordination, such as work to improve

the economic and social position of developing countries, Finland's contributions are implemented through various methods. While Finland's humanitarian assistance policies have focused on the poorest countries and most vulnerable people, portions of multilateral funds have been channeled through the EU. Generally, Finland is committed to development and has participated in several international efforts to promote equal social opportunities and fair trade globally. Surveys on development cooperation indicate that Finnish people perceive humanitarian assistance as an important form of aid. However, the overall efficiency of Finnish efforts is high, and the country should not be counted among top initiators and agenda-setters. In short, in terms of advancing global social inclusion, Finland is a committed partner rather than a leader.

Citation:

"Finland's Humanitarian Policy", Ministry for Foreign Affairs of Finland, 4/11/2013.

"Finland's Development Policy Programme 2012", Ministry for Foreign Affairs of Finland, 6/19/2012.

### III. Environmental Policies

#### Environment

Environmental  
Policy  
Score: 8

Finland faces specific environmental challenges in terms of climate change and population. Yet, the country's contribution to larger efforts in combating climate change have so far been modest. Water pollution is another large issue. While pollution emissions from large industrial facilities have been to a large extent successfully curbed, and polluted lakes and rivers have been cleaned, waterborne nutrient emissions generated by farms remain a pressing problem. According to calculations, some 1,500 lakes are in need of more active restoration measures to combat eutrophication. Finland's most valuable natural resource is its forests, the management of which is of vital importance for sustainable economic development. Fortunately, the overall annual growth rate of trees in the forests exceeds the total timber harvest, a result of institutionalized protections. Separately, efforts to halt an ongoing decline in biodiversity have proved insufficient, though the government has created networks of protected areas.

Citation:

Jari Lyytimäki, "Environmental Protection in Finland", <http://finland.fi/public/default.aspx?contentid=160041>

### Global Environmental Protection

Global  
Environmental  
Policy  
Score: 8

International regimes are often sector-specific. The core of each international regime is formed by international regulatory and administrative systems, which are created and implemented through formal agreements. While Finland is certainly committed to observing many multilateral and bilateral environmental agreements concerning, for instance, climate change or air pollution, it is still not among the forerunners as far as the advancement of international regimes is concerned. However, the Arctic Environmental Protection Strategy, a multilateral agreement among Arctic states adopted in 1991, was a Finnish initiative. Furthermore, Finland has received ratings of good to satisfying in several international comparisons of environmental protection standards, such as the Global Economic Forum's Environmental Sustainability Index.

Citation:

Katrina Running, "Examining Environmental Concern in Developed, Transitioning and Developing Countries", *World Values Research* 5 (1): 1-25, 2012.



## Quality of Democracy

### Electoral Processes

Candidacy  
Procedures  
Score: 10

The electoral process in Finland is free and fair, and the constitution grants Finnish citizens the right to participate in national elections and referendums. Registered political parties have the right to nominate candidates, though all voters have the right to 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 fairly marginal. Candidates for presidential elections can be nominated by any political party that is represented in parliament at the time of nomination. Again, however, candidates may also be nominated by associations of at least 20,000 enfranchised citizens. Presidential candidates must be Finnish citizens by birth, while young people under guardianship and those in active military service cannot stand as candidates in parliamentary elections. The procedure for registering political parties is regulated by the Party Law of 1969. Parties which fail to elect representatives to parliament in two successive elections are removed from the list of registered parties. However, by gathering signatures of 5,000 supporters, a party may be re-registered.

Citation:

Dag Anckar and Carsten Anckar, "Finland", in Dieter Nohlen and Philip Stöver, eds. *Elections in Europe. A Data Handbook*, Nomos, 2010.

Media Access  
Score: 10

The access of candidates and parties to media and means of communication is fair in principle, but practical constraints – such as, the duration and breadth of a program's coverage – restrict access for smaller parties and candidates to televised debates and other media appearances. Given the increased impact of such appearances on the electoral outcome, this bias is problematic from the point of view of fairness and justice. However, the restrictions reflect practical considerations rather than ideological agendas. Access to newspapers and commercial forms of communication is unrestricted, but is in practice dependent on the economic resources of parties and individual candidates for campaign management. Candidates are, however, required to report their campaign funding sources. Social media has played an increasing role in candidates' electoral campaigns, especially in the 2011 parliamentary and 2012 presidential elections. Yet, such outlets attract only a small share of

voters at present.

Citation:

Strandberg, Kim (2012): Sosiaalisen median vallankumous? Ehdokkaat, valitsijat ja sosiaalinen media vuoden 2011 eduskuntavaaleissa. In: S. Borg (ed.), Muutosvaalit 2011, Helsinki: Ministry of Justice, 79-93.

Sundberg, Jan (2012): Finland. In: European Journal of Political Research Political Data Yearbook 51: 96–102, 2012.

Voting and  
Registrations  
Rights  
Score: 10

Electoral provisions stipulate that universal suffrage for all adult Finnish citizens, a secret ballot voting method, a minimum voting age of 18, non-compulsory voting, an entitlement to vote for expatriated Finnish citizens and the exclusion from national elections of non-Finnish nationals resident in Finland (though non-Finnish, permanent residents may vote in municipal elections). The population registration center maintains a register on persons eligible to vote and sends a notification to those included in the register. Citizens do not need to register separately to be able to vote. A system of advance voting has been adopted since the 1978 parliamentary elections and the proportion of ballots cast in advance has risen significantly. Electronic voting was tested during the municipal elections of 2008, but has not been adopted in subsequent elections. Although, the government is continuing to explore internet-based voting methods for use in the future.

Citation:

Dag Anckar and Carsten Anckar, "Finland", in Dieter Nohlen and Philip Stöver, eds. Elections in Europe. A Data Handbook, Nomos, 2010.

Party Financing  
Score: 9

In the wake of political financing scandals between 2008 and 2009, new campaign finance legislation has been implemented. This legislation requires politicians to disclose funding sources, and has provided for independent and efficient monitoring. There are now bans on donations from foreign interests, corporations holding government contracts and anonymous donors. There are limits on the amount a donor can contribute over a time period or during an election. Candidates have to report on campaign financing and the reports are to be made public, with ministries and auditing agencies also receiving these reports. The party and candidate finance scandals continue to attract media coverage and studies show that the Center Party (Kesk) lost electoral support due to the scandal. As a result of the new rules, party financing has improved and polls indicate that public opinion of politicians' credibility has improved.

Citation:

<http://www.idea.int/parties/finance>

Demokratiapuntari 2012: Yhteenveto. Ministry of Justice/MTV3/tnsGallup, 02/2012. [http://www.kansanvalta.fi/Etusivu/T\\_utkimusjakehitys/Julkaisujajatutkimuksia](http://www.kansanvalta.fi/Etusivu/T_utkimusjakehitys/Julkaisujajatutkimuksia).

Mattila, Mikko & Sundberg, Jan 2012: Vaalirahoitus ja vaalirahakohu. In: Borg, Sami (ed.): Muutosvaalit 2011. Oikeusministeriön selvityksiä ja ohjeita 16/2012. Oikeusministeriö (Ministry of Justice), 227–238.

Sundberg, Jan (2012): Finland. In: European Journal of Political Research Political Data Yearbook 51: 96–102.

Popular Decision-  
Making  
Score: 6

In 1987, the government incorporated referendums into the Finnish constitution. The stipulation, laid down in the Law of Procedures in Advisory Referendums, was that advisory referendums may be called by parliament by means of special laws that prescribe the date of voting and establish alternatives to be presented to the voters. There are no stipulations on quorum in terms of participation or on the majority required for the vote. Since then, only one national referendum in 1994 took place, which addressed Finland's entry into the EU. While this device opens no channels for direct citizen participation in public policy-making, a constitutional amendment in 2012 introduced a system of popular initiative. This system creates a obligation for parliament to consider for approval any petition that receives 50,000 signatures or more. However, citizens do not have the opportunity to vote on initiative issues, as the right of decision and agenda-setting remains with parliament.

At the time of writing, an initiative, on prohibition of fur farming, received enough signatories to be submitted before parliament, but was subsequently rejected. A further initiative, concerning same-sex marriage, received 162,000 signatories and is awaiting consideration by parliament. Similar initiatives include an amendment to copyright laws and sentences for crimes relating to child sexual abuse.

The Finnish system allows for citizen-initiated municipal referendums. However, the arrangement for such referendums is decided by the municipal authorities and the results are non-binding.

Citation:

Dag Anckar, "Finland", in Bruno Kaufmann and M. D. Waters, eds. *Direct Democracy in Europe*. Durham, N. C.: Carolina Academic Press, 2004.

### Access to Information

Media Freedom  
Score: 10

Media independence is a matter of course in Finland. Media independence is guaranteed by the Act on the Exercise of Freedom of Expression in Mass Media from 2003, and supported by public and political discourse. A free and pluralist media is considered an important means for debate among citizens and the formation of public opinion. Finland has been ranked top the Reporters without Borders' Worldwide Press Freedom Index since 2009. Several factors contribute to this. Media consumption is high in Finland, which ranks first in the EU for relative rates of newspaper circulation. This high rate of media

consumption guarantees a strong market and healthy competition promoting high quality journalism. Also, 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, there has been a lack of government intervention in press freedom.

Citation:  
<http://en.rsfs.org/press-freedom-index-2013,1054.html>

Media Pluralism  
 Score: 10

Finland's media landscape is pluralistic. The country supports a large number and variety of newspapers and magazines. Finland still boasts an impressive newspaper readership, despite a decline in circulation numbers for the 10 largest printed newspapers in recent years. Admittedly, however, newspapers face the prospect of a long-term decline due to the rise of the electronic media and increasing economic pressures due to a loss of advertising share as well as increasing costs. Indeed, during the last decade, user-generated content and online social media platforms revolutionized the media field. Recent statistics indicate that there are 188 newspapers, with 48 published four to seven times a week. As a rule, newspapers are privately owned but publicly subsidized. The ownership structure is therefore diverse. The position of regional newspapers remains fairly strong, and they provide a variety of print media at the national and regional level. Internet use is open and unrestricted, the share of internet users in the population aged 16 to 74 is 90%, and broadband internet access is defined by law as a universal service that must be available to everyone. According to Official Statistics of Finland, the internet has become an established source of information concerning elections, with almost 50% of the public aged 16 to 74 having searched for information about parties and candidates online before the 2011 parliamentary election. 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 is viewed as unbiased. Yleisradio is complemented by several private broadcasting companies.

Citation:  
 Official Statistics of Finland (OSF): Use of information and communications technology by individuals [e-publication]. ISSN=2323-2854. 2011. Helsinki: Statistics Finland [referred: 6.6.2013].  
 Access method: [http://www.stat.fi/til/sutivi/2011/sutivi\\_2011\\_2011-11-02\\_tie\\_001\\_en.html](http://www.stat.fi/til/sutivi/2011/sutivi_2011_2011-11-02_tie_001_en.html) ;  
[http://www.stat.fi/tup/suoluk/suolu\\_k\\_kulttuuri\\_en.html#newspaper](http://www.stat.fi/tup/suoluk/suolu_k_kulttuuri_en.html#newspaper); [http://www.stat.fi/til/jvie/2011/01/jvie\\_2011\\_01\\_2012-12-12\\_tau\\_001\\_en.html](http://www.stat.fi/til/jvie/2011/01/jvie_2011_01_2012-12-12_tau_001_en.html)  
 Inka Salovaara-Moring, "Mind the Gap? Press Freedom and Pluralism in Finland", in Andrea Czepek, Melanie Hellwig & Eva Nowak, eds., *Press Freedom and Pluralism in Europe*, 2009, Intellect Books, European Communication Research and Education Association.

Access to  
 Government.

The public's access to government information is in principle unrestricted. In accordance with the Finnish constitution, every Finnish citizen has the right of

Information  
Score: 10

access to public documents and recordings. This right includes access to documents and recordings in the possession of government authorities, unless their publication has for some compelling reason been restricted by a government act. 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 a period of 25 years, unless otherwise stated by law. Finland was also 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 persons asking for information are not required to provide reasons for their request and responses to requests must be made within 14 days. Appeals to any denial can be taken to a higher authority and thereafter to the Administrative Court. The chancellor of justice and the parliamentary ombudsman can also review the appeal.

### Civil Rights and Political Liberties

Civil Rights  
Score: 10

Civil rights are widely respected and protected in Finland. Since the early 1980s, Finland has received the highest possible rankings on civil rights in annual rankings by Freedom House. The law provides for freedom of speech, which is also respected in practice. Furthermore, Finns enjoy full property rights and freedom of religion, with the government officially recognizing a large number of religious groups. Freedoms of association and assembly are respected in law and practice, while workers have the right to organize, bargain collectively and strike. Debates on adoption rights legislation for same-sex couples are ongoing, whereas the parliament voted for the right for marriage of same-sex couples in November 2014 after long and controversial discussions.

Political Liberties  
Score: 10

Political liberties are effectively protected in Finland and Finland has for decades received the highest scores concerning political liberties in Freedom House surveys. Finnish law provides for freedom of speech and this freedom is upheld in practice. Finns also enjoy freedom of religion, freedom of association and assembly and the right to organize, bargain collectively and strike. A large majority of workers belong to trade unions. Nevertheless, the share of membership in trade unions has been of decreasing. Women enjoy equal rights and liberties in Finland. The criminal code covers ethnic agitation and human trafficking. The constitution guarantees the indigenous Saami population, which comprise less than 1% of the population, cultural autonomy and the right to pursue their traditional livelihoods.

Citation:  
<http://findikaattori.fi/en/36>

Non-discrimination  
Score: 8

Rights of ethnic and religious minorities are as a rule well protected in Finland, and the criminal code discriminates against anyone who incites violence on racial, national, ethnic or religious grounds. The rights of the Swedish-speaking minority in Finland are widely respected, with Swedish also recognized as an official language. However, reforms to public administration at the local level, which are still pending, would violate some of the rights of the Swedish-speaking population. Meanwhile, certain segments of the population, primarily represented by the True Finns Party, have turned hostile toward the Swedish-speaking population of Finland. The Åland Islands, whose inhabitants speak Swedish, have historically maintained extensive autonomy and a home-rule parliament as well as one permanent seat in the national legislature. In all, Finland has often been seen as a forerunner concerning its efforts to put forth an effective minority protection policy. Cases of discrimination are rather rare. However, ethnic minorities and asylum seekers report occasional police discrimination, and Finland has on occasion been found in violation of Article 6 of the European Convention on Human Rights and Fundamental Freedoms. Roma individuals, who make up a small proportion of the population, are widely marginalized. The True Finns Party encourage discrimination of ethnic minorities and asylum seekers.

#### Rule of Law

Legal Certainty  
Score: 10

The rule of law is one of the basic pillars of Finnish society. When Sweden ceded Finland to Russia in 1809, the strict observation of prevailing Swedish laws and legal regulations became one of the most important tools for avoiding and circumventing Russian interference in Finnish affairs. From this emerged a political culture that prioritizes legal certainty, condemns any conflation of public and private interest and prevents public officeholders from abusing their position for private interests.

Judicial Review  
Score: 9

The predominance of the rule of law has been weakened by the lack of a constitutional court in Finland. The need for such a court has been repeatedly discussed, but left-wing parties have historically blocked plans for the creation of a constitutional court. The parliament's Constitutional Law Committee has assumed the position reserved in other countries for a constitutional court. The implication of this is that parliament is controlled by an inner-parliament, making the Constitutional Law Committee arrangement poor compensation for a regular constitutional court. Also, although courts are independent in Finland, they do not decide on the constitutionality or the conformity with law of acts of government or public administration. Instead, the supreme supervisor of legality in Finland is the Office of the Chancellor of Justice. Together with the parliamentary ombudsman, this office supervises authorities' compliance with the law and the legality of official acts of government, its members and of the president of the republic. The chancellor

is also charged with supervising the legal behavior of courts, authorities and civil servants.

Appointment of  
Justices  
Score: 5

There are three levels of courts: local, appellate and supreme. The final court of appeal is the Supreme Court, while there is also a supreme administrative court and an ombuds office. The judiciary is independent from the executive and legislative branches. Supreme Court judges are appointed to permanent positions by the president of the republic. They are independent of political control. Supreme Court justices appoint lower court judges. The ombudsman is an independent official elected by parliament. The ombudsman and deputy ombudsman investigate complaints by citizens and conduct investigations. While formally transparent, the appointment processes do receive much media coverage.

Corruption  
Prevention  
Score: 9

The overall level of corruption in Finland is low, which is reflected by Finland's respective first and third place rankings in the 2012 and 2013 Transparency International's Corruption Perceptions Index. The country offers a solid example of how the consolidation of advanced democratic institutions may often lead to the reduction of corruption. Several individual mechanisms contribute, including: a strict auditing of state spending; new and more efficient regulations over party financing; law-making that criminalizes the acceptance of bribes; full access of the media and the public to relevant information; public asset declarations; and consistent legal prosecution of corrupt acts. However, the various integrity mechanisms still leave room for potential abuse. A 2014 European Commission report emphasized the need for making public procurement decisions and election funding more transparent. It is also, for instance, evident that political appointments are too common in Finland. Whereas only some 5% of citizens are party members, two-thirds of the state and municipal public servants are party members. During the assessment period, however, several political corruption charges dealing with bribery and campaign financing were brought to light and attracted media attention.

Citation:

Hung-En Sung, "Democracy and Political Corruption: A Cross-National Comparison", *Crime, Law & Social Change*, Vol. 41, 2004, 179-194.

# Governance

## I. Executive Capacity

### Strategic Capacity

Strategic  
Planning  
Score: 9

Strategic planning has considerable influence on government decision-making. The strategic goals of the Government Program are recorded in specific government strategy documents. These strategy documents cover a one-year period and include a plan for pursuing priority goals, a notice of intent for upcoming key decisions and indicators for evaluating government performance. The implementation of the Government Program is assessed by a report halfway through the cabinet's tenure, which defines how strategic goals should be attained through the rest of the cabinet's time in office. The Prime Minister's Office assists the prime minister and the government in their work, and is also responsible for the planning of social policy legislation that does not fall within the competence of any other ministry. The government often launches policy programs to ensure its key objectives are met. Meanwhile, the preparation and monitoring of programs is delegated to ministerial groups. In addition, the Committee for the Future deals with future-related matters.

Citation:

Paula Tiihonen (2011): Revamping the Work of the Committee for the Future. Summary. Publication of the Committee for the Future 7/2011.

Scholarly Advice  
Score: 6

The government predominately organizes the collection of scholarly advice informally, for example, by consulting scientific experts on committee report drafts. Some formal bodies, such as temporary working groups, ad hoc committees and permanent councils, also exist. In general, different permanent and non-permanent committees play an important role in structuring scholarly advice in government decision-making. An example of a permanent group that advises the government and ministries in research and technology matters is the Science and Technology Policy Council. Attempts at steering research in other terms than those pertaining to a topic alone are as a rule regarded rather unfavorably by the scientific community. Yet academics in the field of



international politics used to participate in policy preparations and in networks of the foreign policy and security policy administration, and law representatives are employed often as experts in parliamentary committee hearings. In contrast, the social sciences generally tend to analyze, explain and criticize rather than assist and support government efforts.

### Interministerial Coordination

GO Expertise  
Score: 9

As a ministry in itself, the Prime Minister's Office maintains an evaluation capacity. The primary function of the Prime Minister's Office is to support the duties of the prime minister, who directs the work of government and coordinates the preparation and consideration of government business. The Prime Minister's Office monitors the implementation of the Government Program and coordinates Finland's EU policy. Also, the Prime Minister's Office is tasked with coordinating communications between the government and various ministries, to plan future-oriented social policies, and to promote cooperation between government and the various branches of public administration. The Prime Minister's Office has five departments: European Union Affairs, Government Administration and Specialist Services, Government Ownership Steering, Government Preparedness and Government Communications. Additionally, it has three units: the Government Session Unit, the Government Policy Analysis Unit and the Government External Economic Relations Unit. Also the steering of the Team Finland network takes place within the Prime Minister's Office. Team Finland is a network to promote international economic trade and relations, to improve the efficiency of business cooperation abroad and increase the ease that Finnish customers can access international business services.

The Prime Minister's Office has a secretary of state, a permanent undersecretary of state and 250 employees arranged within several task-specific departments.

Citation:

PMO 2013: Team Finland. <http://vnk.fi/toiminta/team-finland/en.jsp>

GO Gatekeeping  
Score: 8

The Prime Minister's Office can return items envisaged for cabinet meetings on policy grounds. As the Prime Minister's Office coordinates the making of drafts and also arranges the agenda for cabinet meetings, it does not often occur that the Prime Minister's Office returns items. The rule is that ministers can place items on the cabinet's agenda even against the wishes of the prime minister. The handling of conflicts can be delicate, especially in cases when the prime minister and minister represent different parties, and perhaps differing political interests which need to be reconciled. Yet controversial items are often discussed in informal meetings beforehand. The

institutionalized unofficial meeting of the cabinet, the *iltakoulu*, led by the prime minister, has an important function in consensual decision-making. While the prime minister does not assume a dominant position, but rather a leadership position better understood as the leader of equals. A position that is especially crucial when decision-making involves a high level of dissent between colleagues. This model gives the Prime Minister's Office the right to return items that do not fit the Finnish political tradition.

Line Ministries  
Score: 9

The guiding rule in Finland is that each ministry is, within its mandate, responsible for the preparation of issues that fall within the scope of government and also for the proper functioning of administration. Given this framework, rather than line ministries involving the Prime Minister's Office in policy preparation, the expectation is that the Prime Minister's Office involves ministries in its own policy preparations. In practice, of course, the patterns of interaction are not fixed. For one thing, policy programs and other inter-sectoral subject matters in the cabinet program are a concern for the Prime Minister's Office as well as for the ministries, and efforts must be coordinated. Also, as decision-making is collective and consensual in nature, attempts on the part of ministries to place items on the cabinet's agenda without involving the Prime Minister's Office in preparations will fail. This is because broad-based coalition governments in Finland amalgamate and encapsulate ideological antagonism, and thereby prevent a fragmentation along ministerial and sectoral lines.

Citation:

Jaakko Nousiainen, "Politiikan huipulla. Ministerit ja ministeriöt Suomen parlamentaarissa järjestelmässä", Porvoo: Werner Söderström Osakeyhtiö, 1992, p. 163.

Cabinet  
Committees  
Score: 10

Cabinet committees effectively prepare cabinet meetings. The government has four statutory cabinet committees, namely the Committee on Foreign and Security Policy (which meets with the president when pressing business issues arise), the Committee on European Union Affairs, the Cabinet Finance Committee and the Cabinet Committee on Economic Policy. Additionally, ad hoc cabinet committees can be appointed by the government plenary session, like the current Information Committee on Cost and Income Developments.

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. In addition, there are several ministerial working groups. These include the ministerial working group on Russian affairs, chaired by the prime minister, and the ministerial working group charged with tackling the shadow economy, chaired by the minister of finance.

The primary task of these committees and groups is to prepare cabinet meetings through facilitative consensus-building structures between relevant

Ministerial  
Bureaucracy  
Score: 10

ministries and interests. In all, a large majority of issues are reviewed first by cabinet committees and working groups.

Cabinet meetings are prepared by ministry officials and civil servants. Findings from a large-scale analysis, into the internal politics and practices of the cabinet and ministries, found a cyclical culture of dependence between ministers and senior officials. One expression of this mutual dependence, highlighted in analysis, is would rather trust in the advice of their subordinate civil servants than ministerial colleagues. This pattern extends to all aspects of the cabinet's agenda.

As it comes to policy programs and similar inter-sectoral issues, coordination between civil servants of separate ministries is a matter of course. In specific matters coordination may even be dictated. For instance, statements from the Ministry of Finance must be obtained by other ministries on economic and financial issues. On the whole, given the decision-making culture, civil servants are expected to coordinate between ministries. An unwritten code of behavior prescribes a harmonious and undisturbed mode of action. It is the task of a minister or a ministry to bring projects which are burdensome or sensitive to a collective examination and testing.

Citation:

Jaakko Nousiainen, "Politiikan huipulla. Ministerit ja ministeriöt Suomen parlamentaarissa järjestelmässä". Porvoo: Werner Söderström Osakeyhtiö, 1992, p. 128.

Informal  
Coordination  
Score: 10

Inter-sectoral coordination has generally been perceived as an important issue, but rather few institutional mechanisms have in fact been introduced. One of these, the *iltakoulu* (which translates as evening session), is an unofficial negotiation session of the cabinet. To a considerable extent, though, coordination proceeds effectively through informal mechanisms. The recent large-scale policy programs enhance inter-sectoral divisions in policy-making and administration. Additionally, Finnish EU membership has of course brought forth the need for increased inter-ministerial coordination. Recent research in Finland has only marginally focused on informal mechanisms. Separate case studies suggest, however, that the system of coordination by advisory councils has performed well.

### Evidence-based Instruments

RIA Application  
Score: 9

Systematic impact assessment is by now an integrated part of the Finnish legislative drafting process. Regulatory impact assessment activities abound and comprise, for instance, a series of evaluation reports by the Ministry of Foreign Affairs that deal with principles of development policy, partner countries and geographic regions. Assessments have also investigated the activities of the Ministry of Social Affairs and Health. Reference should also

be made to 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. Furthermore, the Ministry of Education and Culture has been preparing a plan for third-party evaluations and how to monitor learning outcomes. From 2014, evaluations of educational services will be the responsibility of the Education Evaluation Center. These are, however, only scattered examples. The general framework for regulatory impact assessments is to be found in a system of program management that encompasses inter-sectoral policy programs. This framework was initiated in 2007 and is still applied as a guide to impact assessment.

Citation:

“Evaluation of the Finnish National Innovation System - Policy Report”, Helsinki, Ministry of Employment and the Economy, 2009.

“Better Regulation”, Helsinki, Ministry of Justice, 2014.  
<http://oikeusministerio.fi/en/index/basicprovisions/legislation/parempisaantely.html> [18.12.2014].

Quality of RIA  
 Process  
 Score: 8

Adopted in 2007 and superseding existing legislation, such as the Bill Drafting Instructions (2004), impact assessment guidelines provide a framework for the process of regulatory impact assessments. The revision bureau of the Ministry of Justice Law Drafting Department monitors compliance with these impact assessment guidelines. Impact assessments cover the economic impact of proposed legislation, its administrative impact, environmental impact and social impact, and guidelines describe what impacts may be involved, how the impact may be assessed, and what methods and information sources are available. The guidelines also provide contact information for expert advisers. For instance, assessments deal with the economic impact on households, businesses and public finances as well as overall economic impact. Concerning method, the guidelines recommend the use of statistical data, questionnaire data, expert analyses, and, when necessary, qualitative methods. Generally speaking, the regulatory impact assessments process is well-structured and emphasizes quality.

Citation:

Ministry of Justice (2008): “Impact Assessment in Legislative Drafting - Guidelines”. Helsinki, Publication 2008:4.[[http://www.tem.fi/files/321\\_76/Vaikutusarviointiohjeet\\_2007\\_en.pdf](http://www.tem.fi/files/321_76/Vaikutusarviointiohjeet_2007_en.pdf)].

Sustainability  
 Check  
 Score: 9

Finnish government understands that regular and complete assessments of regulations are fundamental to the governing of complex as well as open societies and economies. In consequence, Finland has a comprehensive regulatory impact assessment program in place. It formally adopted regulatory impact assessment strategy, which provides instructions on the drafting of legislative proposals and is complemented by separate instructions issued by ministries. Assessments involve the use of multiple indicator sets, and different interests are widely consulted and different techniques used. As a

rule, aspects of sustainability form an integral part of the assessment process and variations in results are monitored over time.

### Societal Consultation

Negotiating  
Public Support  
Score: 10

In Finland's consensus oriented political system, interest organizations and associations are regularly consulted. Although the corporatist system adopted in the 1960s has evolved, the exchange of views and information with a variety of social interests is still part and parcel of the everyday activities of Finnish government. Through various mechanisms – such as hearings and similar remiss procedures, committee memberships and expert positions – plans and drafts are circulated to interested parties who are then invited to critique draft legislation. 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 well and large social confrontations over policy-making are rare. Admittedly, consultation tends to favor organized groups and neglects outside participation. It is also the case that consultation is carried out mainly to build consensus and not, for instance, to gather support or assess impact. However, this helps to generate public support for government policies.

### Policy Communication

Coherent  
Communication  
Score: 9

Since the position of the prime minister is one of *primus inter pares* (first among equals), rather than one of absolute leadership, it is natural that the government's policy positions are advanced through discussion and consultation, rather than through directives and commands. Furthermore, as directives and commands would challenge the principle of freedom of speech, such communication would probably be regarded as illegitimate and foster opposition. In practice, therefore, contradictory statements are rare. However, the fact that Finland has tradition of broad-based umbrella coalitions, which accommodate many diverse interests and ideological shadings, serves to diversify communication to some extent. The existence of an agreed-upon and fairly detailed government plan, on the other hand, serves to streamline communications.

The current government of Alexander Stubb is a coalition government of four parties, having lost two parties during the summer of 2014. The current government has a thin majority with 101 from a total of 199 MPs. It is worth noting that, as the Speaker of Parliament belongs to the governing SDP party, the Speaker has no vote. This increases the importance of effective and coherent coordination within cabinet and between the coalition parties.

## Implementation

Government  
Efficiency  
Score: 9

Given that Finland is currently governed by a broad coalition government, the political conditions for satisfactory implementation of government plans have been good. The implementation plan for the Government Program of the former prime minister Katainen was adopted in October 2011. A February 2013 review session concluded that approximately 80% of the measures outlined in the Government Program had been undertaken successfully or were about to be accomplished. However, the review also indicated shortcomings in several interrelated areas, including economic growth, employment and foreign trade as well as municipal finance. In fact, the largest and most difficult program issues remained unsolved. The economic global crisis has of course hampered the cabinet's efforts regarding the economy, but the remaining difficulties are also partly because of internal tensions in government, the broad nature of which, due to ideological conflicts, may prove a curse as well as a blessing. Following a cabinet reshuffle and the withdrawal of the left wing party, Vasemmistoliitto, from the coalition, the Government Program of was submitted to parliament in June 2014. This new Government Program carries forward many of the policies introduced by the Government Program of the previous government.

Disputes about building a new nuclear power plant, supported by Russian finance, caused the Green Party to withdraw from the coalition in late September 2014. Formerly a coalition of six parties, the government is now a coalition of four party with a thin majority of 3 MPs.

Citation:  
Hufvudstadsbladet March 1, 2013

Ministerial  
Compliance  
Score: 9

Through several mechanisms, ministers are committed to the government's program. Government programs come about following negotiations between the political parties in government. Therefore, the validity and steering capacity of the program is supervised by coalition partners and ministries. Cabinet agenda issues are in several cases prepared and coordinated in cabinet committees and informal groups and meetings, and all items are discussed weekly in the government's evening session (iltakoulu) which precedes formal cabinet meetings. On the whole, ministers are closely watched and they are certainly expected to be integral parts of cooperative units. They would no doubt find it difficult as well as unrewarding to pursue narrow self-interests. Still, more than before, profile-raising attempts have been discernible.

Monitoring  
Ministries  
Score: 8

The government monitoring of ministries is indirect in nature and the same mechanisms that foster ministerial compliance tend to have monitoring functions as well. These include the preparation and coordination of matters in

cabinet committee meetings and meetings, such as the government's evening sessions (iltakoulu). In general, the various forms of inter-ministerial coordination fulfill monitoring functions as well. These forms are, however, cooperative and consultative interactions, rather than critical interactions. While the Prime Minister's Office does monitor ministries, the monitoring is implicit rather than explicit.

Monitoring  
Agencies,  
Bureaucracies  
Score: 8

All ministries use result management practices to monitor agencies in their respective task areas. In many cases, a balanced score system is used. Not all agencies are monitored to the same extent. Some agencies, such as the National Funding Agency for Technology and Innovation (Tekes) operating under the Ministry of Trade and Industry, have a high degree of autonomy and monitoring takes place on a general level only. Other agencies enjoy a somewhat lesser degree of autonomy. However, as a rule, they have autonomy with respect to day-to-day operations. Monitoring takes many forms and a system of political undersecretaries of state has been designed to foster the monitoring activities of individual ministers.

Task Funding  
Score: 8

Municipal governments have a right to assess taxes and collect more than twice as much in income taxes as central government. A government grant system enables local governments to continue to provide public services where they experience a funding gap. In essence, a portion of locally collected taxes is put into a common pool, from which transfers are made to financially weak local governments. The central government establishes strict standards and service provision requirements, to which all citizens are entitled. Local governments are tasked with providing these services, which means however that some municipalities are unable to meet the standards without increasing taxes. Given that local government units differ greatly in size and resources, they are in unequal positions in terms of capacity and performance efficiency. A large-scale reform of municipalities and services, started in 2006, has led to a reduction of the number of municipalities from 415 to 348 in 2009. The reform aims to, among other things, secure sufficient financing and an efficient provision of services. The government has introduced a further, although highly contested, reform project to create five larger entities for social and health service provisions in a more efficient way (SOTE). This reform will be implemented 2016.

Citation:

Markus Sovala, "State Transfers to the Finnish Municipalities", <http://www.oecd.org/gov/budgeting/39794511.pdf>

Constitutional  
Discretion  
Score: 9

Municipalities in Finland have a long tradition of independence in specific policy areas, while also implementing policies of the central government. In particular, municipalities are responsible for the implementation of educational, health care, social and infrastructure services. Municipalities may

not be burdened with new functions, or financial or other obligations, nor may they be deprived of their functions and rights except by an act of parliament. The control that the state exercises over municipalities does not imply any general right of the state to intervene. Control may be exercised only in accordance with specific legal stipulations. Thus, sub-national autonomy is guaranteed and protected by law. Although, the autonomy of local government may be curtailed by financial pressures.

National  
Standards  
Score: 7

Since local authorities have the constitutional right to use their own discretion, the central government has limited reach to ensure that national standards are consistently met. Local government is separated from central government with municipal authorities recognized as existing independently of the state. Appeals to administrative courts over decisions taken by local authorities are possible on grounds that the decisions were not made in proper order or were otherwise illegal. In certain and very few specific matters – such as, environmental or social care issues – local government decisions must be confirmed by state authorities. The ongoing reform of municipalities and services aims to increase the effectiveness of public service provision in peripheral regions, and to increase the fiscal sustainability of local governments. It remains an open and debated question as to what extent these reforms will meet stated goals.

### Adaptability

Domestic  
Adaptability  
Score: 9

Most recent adaptations have resulted from Finland's membership of the EU. Finland was among the first EU member states to adopt the euro and government structures have in several instances adopted EU norms. The Grand Committee is tasked with preparing and adopting EU legislation. Furthermore, oversight of the EU secretariat, responsible for the coordination of EU affairs, was transferred from the Ministry for Foreign Affairs to the Prime Minister's Office. A coordination system exists to ensure that Finland maintains a coordinated position in line with its overall EU policy on issues under consideration in the EU. This system involves relevant ministries, a cabinet committee on EU affairs and various EU subcommittees. These subcommittees are sector-specific preparative governmental organs and constitute foundation for the promotion of EU affairs within government structures.

International  
Coordination  
Score: 8

Typically, global public goods are best addressed collectively, on a multilateral basis, with cooperation in the form of international laws, agreements and protocols. Finland is a partner to several such modes of cooperation and contributes actively to the implementation of global frameworks. Finland is committed to and has ratified the Kyoto Protocol of the UNFCCC, which came into effect in 2005. The Ministry of the Environment is responsible for coordinating further climate negotiations. Specifically, within



the framework of the EU, Finland is committed to bringing its national average annual emissions down to their 1990 levels by 2012. The Finnish government also adopted a foresight report on long-term climate and energy policy in 2009. In 2012, the government signed a Memorandum of Understanding, in which Finland and the US agreed to continue their cooperation in preventing the proliferation of weapons of mass destruction. Yet, Finland is not to be regarded as a dominate actor concerning the protection of global public goals. Given a relatively high level of knowledge, research, and existing frameworks for policy coordination and monitoring, several relevant institutional capacities for fostering global governance do exist in Finland. They are, however, not utilized to their fullest extent.

### Organizational Reform

Self-monitoring  
Score: 10

The monitoring and evaluation of existing institutional models forms an important element of the Finnish political and administrative system. Attempts to improve the proportionality of the electoral system and alter constituency sizes are examples of how evaluation and monitoring processes in Finland mainly focus on administrative and steering issues. A system of program management is currently being implemented, which includes monitoring of the Government Program. In an implementation plan adopted in 2011, the cabinet of the previous prime minister, Katainen, introduced new measures for monitoring the Government Program. The plan states the main objectives of the Government Program, defines preparation responsibilities as well as key measures and projects, and turns them into a strategic, inter-sectoral policy framework. The government now has three priority areas, namely: the reduction of poverty, inequality and social exclusion; the consolidation of public finances; and the strengthening of economic growth, employment and competitiveness. Key projects are the reform of local government structures, the provision of social guarantees for young people and the fight against the informal economy.

The monitoring system, introduced by the previous government, has been adapted by the current government. This data has been made publicly available and is to be updated once a month.

Citation:

“Government Programme Monitoring”, <http://vnk.fi/toiminta/hallitusohjelman-seuranta/en.jsp>  
 “Government Programme Monitoring Data”, <http://valtioneuvosto.fi/toiminta/hallitusohjelman-seuranta/data/fi.jsp>  
 “Government Programme Monitoring Data”,  
<http://valtioneuvosto.fi/ajankohtaista/tiedotteet/tiedote/fi.jsp?oid=424833>

Institutional  
Reform

While institutional arrangements have not changed much, at the time of writing, the government is considering plans to promote and implement

Score: 7

strategic knowledge within government. These plans include the merging of ministries and an expansion of monitoring and planning power. Several factors, not least the fairly high degree of independence of Finnish ministries and the broad nature of recent cabinet activities, to restrict policy coordination across government bodies, have highlighted the need for these reforms and improve coordination efforts. Given these conditions, the reduction in the use of inexpensive inter-ministerial, for planning and consensus-building, is an example of misguided strategic policy.

## II. Executive Accountability

### Citizens' Participatory Competence

Policy  
Knowledge  
Score: 9

Democracy requires that the public and its representatives have the means to hold government accountable. In this respect Finnish democracy is effective, though not perfect. Information on government policies and decisions is widely available online and many policy fields are debated at great length on television or in other media. Newspaper readership is also very high in Finland. A weak spot, however, is the public's evaluative and participatory competencies. Surveys about the extent to which citizens are informed of government policy-making indicate that an interest in politics has largely increased and, especially, young people are more interested in politics now compared to the early 2000s. Trust in political institutions has been also increasing. Social media and the 2012 presidential campaign in particular have had a marked impact on the participation of younger citizens in politics. Yet there are probably significant differences between policy issues in this respect. Whereas some issues are widely debated in the media and attract general attention, other less media-friendly or stimulating issues pass largely unnoticed.

Citation:

YLE News, 29.09.2012, [http://yle.fi/uutiset/politiikka\\_ki\\_innostaa\\_nuoria\\_yha\\_enemman/6310622](http://yle.fi/uutiset/politiikka_ki_innostaa_nuoria_yha_enemman/6310622) .

Demokratiapuntari 2012: Yhteenveto. Ministry of Justice/MTV3/tnsGallup, 02/2012. <http://www.kansanvalta.fi/Etusivu/T/utkimusjakehitys/Julkaisujajatutkimuksia>

### Legislative Actors' Resources

Parliamentary  
Resources  
Score: 9

The resources for MPs to obtain information were greatly improved in the 1990s through the creation of a parliamentary assistant system. Currently, 190 assistants work in a parliament of 200 sitting MPs. The assistants perform a variety of tasks, some of which relate closely to the procurement of

information and general expertise. MPs are assisted also by the Information and Communication Department, which includes the Library of Parliament, the Research Service and the Parliament Information Office. The Library of Parliament has 45 employees and maintains three service entities: collection services; reference and archival services; and information services.

Additionally, the Research Service supplies information, documents, publications and other materials that are required by MPs and other actors involved in parliamentary work. As the MPs are members of, on average, two parliamentary committees, they benefit from the information and knowledge of various experts that are regularly consulted in committee hearings.

Citation:

<http://lib.eduskunta.fi/Resource.phx/library/organization/people.htm>

Obtaining  
Documents  
Score: 10

Reports drafted by committees provide the basis for legislative decisions. Committees prepare government bills, legislative initiatives, government reports and other matters for handling in plenary sessions. Given these tasks and functions, it follows that the government is expected to report in full its motives for proposing legislation and that committees are able to obtain the desired documents from the government upon request.

Summoning  
Ministers  
Score: 10

Committees are able to summon ministers to hearings and do so regularly. Committee meetings usually begin with a presentation by a ministry representative. Ministers can take part in committee meetings and debates, but cannot be regular members of the committee. Furthermore, when deemed necessary, committees invite the ombudsman, the deputy ombudsman or their representatives to a formal hearing as experts on questions of legislative drafting.

Citation:

<http://www.oikeusasiamies.fi/Resource.phx/coa/english/index.htm>

Summoning  
Experts  
Score: 10

Parliamentary committees are able to summon experts for committee meetings, and they do it regularly and to an increasing extent. A committee starts its work by hearing experts with each committee deciding which experts to call. Besides ministerial representatives, other individuals – who have either assisted in preparatory work or represent specific agencies, organizations and other interested parties – are involved. The scope of hearings varies greatly. In some cases only one expert may be called, but in major legislative projects a committee may hear dozens of experts. Data from earlier research shows that the committees in 1938 consulted advisers in 59% of all cases on which they prepared reports. The corresponding figure for 1960 was 94% and 100% in 1983. The number of experts consulted has likewise been increasing.

Citation:

<http://web.eduskunta.fi/Resource.phx/parliament/committees/index.htm>

Dag Anckar, "Finland: Dualism and Consensual Rule", in Erik Damgaard, ed.: *Parliamentary Change in the Nordic Countries*, Oslo: Scandinavian University Press, 1992, pp. 182-186.

Task Area  
Congruence  
Score: 10

A total of 15 permanent special parliamentary committees and the Grand Committee prepare government bills, legislative initiatives, government reports and other matters for plenary sessions. Reforms of the committee system in the early 1990s aimed to improve the alignment of parliamentary committees and ministries responsibilities. These reforms have been highly successful and committees are thematically bound within the scope of a corresponding ministry. The Grand Committee is in practice a committee for the handling EU-related matters.

Audit Office  
Score: 10

Legislative accountability 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 task of 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, which is an independent expert body affiliated to parliament. Its task is to audit the legality and propriety of the state's financial arrangements and compliance with the state budget. Specifically, the office is expected to promote the exercise of parliament's budgetary power and the effectiveness of administration. It also oversees election and party funding. The office is directed by the auditor general who is elected by parliament. With about 140 employees, the office comprises the financial audit unit, the performance audit unit, the executive management support unit and the administration and information units.

Citation:

"National Audit Office"; <http://www.vtv.fi/en>

"The Audit Committee"; <http://web.eduskunta.fi/Resource.phx/parliament/committees/audit.htm>

Ombuds Office  
Score: 10

Parliament has an ombudsman office, consisting of one ombudsman and two deputy ombudsmen. Established in 1920, it is the second oldest ombuds office in the world and employees more than 60 people. The officeholders are appointed by parliament, but the office is expected to be impartial and independent of parliament. The office reports to parliament once a year. Citizens may bring complaints to the office over decisions by public authorities, public officials and others who perform public duties. The number of complaints decided on by the ombudsman has increased from 4,543 cases in 2011 to 4,975 in 2013. A total of 74 matters have been investigated and resolved on the initiative of the ombudsman himself.

Citation:  
<http://www.ombudsman.fi/english>

## Media

Media Reporting  
 Score: 9

By providing a continuous flow of information and background analysis, the main print media, TV and radio stations in Finland offer substantive in-depth information on government decisions. This provision takes different forms, such as inserts in regular news programs, special features, debates between proponents of conflicting views, debates between representatives of the government and opposition parties, regular broadcasts of government hearings in parliament, and so on. Empirical information about program volume is not available, but subtracting for “infotainment programs,” between five and seven hours a week of television and radio programming is dedicated to governmental issues. daily newspaper circulation numbers remain reasonably high, with newspapers often focusing on high-quality political reporting.

## Parties and Interest Associations

Intra-party  
 Democracy  
 Score: 8

In 2014, four major parties held seats in the Finnish parliament (Eduskunta). Although empirical research on intra-party democracy has so far focused on the Center Party (Kesk), there is little doubt that the findings of this research can be assumed to apply to the other three major parties as well. Generally, the structure of internal decision-making systems within political parties has developed in two directions. While active party members operate in voluntary, sub-national organizational units, national policy functions are decided by career politicians who constitute the party elite. This dualism has places power in the hands of party elites, especially the chair. This has led to a marginalization of party members from the executive functions within each party. As intra-party meetings are the highest decision-making institutions within political parties, the average party member only participate in party meetings indirectly through elected delegates.

Citation:  
 Karina Jutila, “Yksillä säännöillä, kaksilla korteilla”, Dissertation, University of Tampere, 2003; Rauli Mickelsson, “Suomen puolueet. Historia, muutos ja nykypäivä”, Tampere: Vastapaino, 2007.

Association  
 Competence  
 (Business)  
 Score: 8

Employers’ and employees’ organizations became involved in a series of comprehensive income policy agreements in 1968 concerning wages, working conditions, and social welfare programs and legislation. While this institutional arrangement for cooperation between government and associations has since eroded, it created a framework for advancing responsible, considered and expert-based policy proposals on the part of large

economic interest associations. Other mechanisms, not least the participation of associations as members and experts in the committee system, have worked in the same direction. As a consequence, this corporatist setting and the consensus style of policy-making has led to reasonable policies.

Association  
Competence  
(Others)  
Score: 8

Policy-relevant positions of most associations are based on expert knowledge and feasibility analyzes in the respective fields, and contribute to the quality of decision-making. Exaggeration and one-sided arguments are in the nature of interest organizations and of the negotiation process, but this style of policy-making grants access for various interests. This contribution of interest associations' expert knowledge is a valuable asset, which enhances the quality of policy-making. Also, interest associations have a high profile in public discourse and often shape public opinion. The fact remains, however, that the function of interest associations is to promote certain interests, which can disadvantage others.

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