

Finland Report

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> Sustainable Governance Indicators 2019



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Executive Summary

Finland celebrated its centenary as an independent country on 6 December 2017. Its first decades as a nation were marked by severe difficulties. Its independence was not confirmed until after a brutal civil war had been fought between Soviet-backed socialists and "white" conservatives, with the conservatives emerging victorious from the war in May 1918. In the period 1939 – 1944, the country fought two wars against the Soviet Union and only barely managed to retain its independence. However, the war-torn country was forced to pay war reparations to the Soviet Union amounting to \$226.5 million at 1938 prices. The last payment was made in 1952.

Despite these hardships, the country has been able to uphold its democratic system of government. Although measuring the level of democracy is a cumbersome task, comparisons of data and classifications provided by reputable sources (e.g., Polity IV and V-dem) indicate that Finland could be classified as a democracy even in the darkest and most difficult moments in its history.

On the whole, Finland's system of governance is well-developed, efficient and transparent, and the country has steadily improved its position in many international rankings. Since 1989, Freedom House has awarded Finland the highest possible ranking for political liberties and civil rights. Since 2008, the country has on several occasions also topped Reporters Without Borders' World Press Freedom Index. In recent years, however, the trend has been slightly negative. Finland ranked third in 2017 and fourth in the most recent compilation, trailing behind Norway, Sweden and the Netherlands.

The level of corruption has generally been low in Finland, but here too Finland has lost some ground in recent years. Finland's reputation as a corruption-free country was soiled in a 2008 following scandal concerning party and electoral campaign financing. However, measures were swiftly taken to curb corruption in Finnish political financing. In 2009, a law requiring the disclosure of donations to candidates and parties was adopted. In 2017, the country ranked third on Transparency International's Corruption Perceptions Index, behind New Zealand and Denmark. Other significant reforms over recent years include a reform of the electoral system in 2012, which reduced the number of electoral districts and thereby enhanced the proportionality of the electoral

system. Additionally, a participatory mechanism introduced in 2012 now enables citizens to propose legislative reforms online.

The Finnish economy is improving after a recession which lasted several years. The economy is projected to grow by almost 3% in 2018 and the debt ratio is projected to fall below 60% of GDP in 2019. Optimistic forecasts notwithstanding, unemployment, particularly youth unemployment, is high. The Sipilä government has reformed the unemployment benefit system in a number of ways, which has included reducing the duration of earnings-related unemployment benefits and setting stricter conditions on accepting job offers for unemployed people. These reforms have marked a shift from passive to more active labor-market policies.

As elsewhere in Europe, the issue of immigration has been widely debated in Finland ever since the large inflow of refugees in 2015. The main political parties have generally taken a rather restrictive attitude toward immigration. Public support for the Finns Party, which is far more negative toward accepting refugees than Finland's other political parties, has diminished under the current government.

The most recent parliamentary elections took place in April 2015. Following these elections, a conservative coalition government – comprising the Center Party, National Coalition Party and Finns Party, and led by Prime Minister Juha Sipilä – was installed. Initially, the government had a stable majority, commanding 124 out of 200 seats in parliament. However, as a consequence of a split within the Finns Party in June 2017, the government's majority has shrunk to 105 out of 200 seats.

Given the fact that the Sipilä government is made up of center-right parties, it is not surprising that the government and labor market organizations have clashed over the direction of economic policy. The largest controversy has concerned a major social and health care reform (SOTE), which will transfer responsibilities for social welfare and health care services from municipalities to 18 larger governmental entities (counties). The reform has been postponed on several occasions, but is expected to come into force in January 2021.

Key Challenges

Finland has been a stable democracy since independence. Much like in the other Nordic countries, surveys indicate that Finns have relatively high levels of trust in politicians and political institutions. Though public support for the current Sipilä government is very low, and voter turnout in parliamentary elections is significantly lower than in Sweden, Norway and Denmark. To a certain extent, this is explained by the fact that governments in Finland have often been oversized (i.e., governments have typically commanded very large parliamentary majorities). In addition, government coalition parties represent a wide range of ideologies spanning the left-right spectrum. To take an extreme but recent example, Jyrki Katainen's cabinet (installed in 2011) had the support of 63% of members of parliament and encompassed six parties, including the far-left Left Alliance, the Green Party and the conservative National Coalition Party. It is evident that the broad and unstable nature of such coalition governments undermines government accountability and transparency, and limits the public's ability to fully understand and engage with the processes of policymaking.

On the other hand, the governance style of the current Sipilä government, which is a much smaller and ideologically more cohesive coalition government, has not been very transparent. In addition, it has suffered from internal divisions, the most serious of which caused a split within the populist Finns Party in 2017. Measures have been introduced to revitalize and enhance the level participation in Finland, the most important being the so-called citizens' initiative, which obliges parliament to debate any petition that receives at least 50,000 signatures. This initiative has been very popular. At the time of writing, 24 initiatives have been submitted to parliament. Notwithstanding, while this mechanism marks a step in a more participatory direction, citizens' initiative.

Within the field of national security, Finland faces a number of challenges. Russia's annexation of Crimea and its intensified activities in the Baltic Sea region have increased pressure on the government to form alliances with international partners. The question of whether Finland should apply for membership in NATO has been debated ever since the fall of the Soviet Union, but leading politicians, notably President Niinistö, as well as public opinion remain skeptical toward NATO membership. Current constitutional arrangements divide responsibility for foreign affairs (excluding those related to EU affairs) between the president and government. However, as a consequence of President Niinistö's high popularity and Prime Minister Sipilä's apparent disinterest in foreign policy issues, the role of the president has been accentuated within the area of foreign policy.

Fertility rates have been dropping for almost a decade and reached an all-time low in 2017. This negative trend could be compensated by an inflow of migrant workers. Although public attitudes toward asylum-seekers and refugees remain negative, the attitude toward work-related immigration is generally positive. At the same time, support for the populist Finns Party has decreased, which could reflect a more favorable popular attitude toward immigration.

The executive capacity of the government is strong. The programmatic framework works reasonably well, and forms the basis for strategic planning and implementation. Interministerial coordination works well and is highly efficient. Interest organizations, various civil society groups and increasingly the general public are consulted when legislation is drafted. The Sipilä government has undertaken a major reform to restructure local government, and the health and social care systems. This reform has been highly controversial, but is expected to come into force in January 2021. The next big challenge will be a comprehensive reform of the social security system, which is likely to be at least as complex and controversial as the health and social care reform.

Party Polarization

The level of party polarization is very low in Finland. In general, Finnish governments are coalition governments, often made up of parties from both the left and right. In 2011, Jyrki Katainen formed a cabinet consisting of six parties, including the far-left Left Alliance, the Green Party and Katainen's conservative National Coalition Party. The current Sipilä government, though, is a center-right government. (Score: 9)

Policy Performance

I. Economic Policies

Economy

Economic Policy Score: 8 Having contracted for several years, the Finnish economy is currently experiencing a positive turnaround. The recent economic growth is mainly due to a strong increase in exports. However, the impact of the recession on public finances has been so strong that a full recovery will not be achieved for some time. Unemployment rates continue to be high in comparison with other Nordic countries. Fiscal policy has been a particular concern, as public debt has grown over recent years, although a slight decreased was reported in 2017. Government spending accounts for over half of GDP, among the highest ratios in the European Union.

Government efforts to restore economic growth, increase competitiveness and reduce public debt have continued to be at the top of the policy agenda. With the aim of restoring fiscal sustainability, the government has placed a priority on greater budgetary prudence and balancing the budget as well as sought to raise the minimum statutory retirement age, while improving incentives for people to continue working into later life. While the Finnish economy continues to perform fairly well in several measures of economic freedom, the country's overall performance has been in decline. Finland's economy was ranked 26th worldwide in the Heritage Foundation's 2018 Index of Economic Freedom, slipping several places from its 2015 rank of 19h and two places from its 24th place in 2017. This decline can be attributed to deteriorations in fiscal freedom, business freedom and the management of government spending. Still, the positive figures concerning the annual GDP growth rate and several other economic indicators engender optimism. According to the

Economic Survey of the Ministry of Finance in April 2018, the economy is projected to grow by 2.9% in 2018, but 1.9% in 2019.

Citation:

"OECD Economic Survey of Finland 2018", http://www.oecd.org/eco/surveys/economic-survey-finland.htm;

"The Heritage Foundation 2018 Index of Economic Freedom", http://www.heritage.org/index/ranking; "The Heritage Foundation 2017 Index of Economic Freedom", heritage.org/index/country/Finland; Ministry of Finance, "Economic Survey Summer 2018", https://vm.fi/en/publication?pubid=26703

Labor Markets

Labor Market Policy Score: 6

A deep depression in the Finnish economy in the 1990s resulted in a rapid and dramatic increase in unemployment rates. While the employment situation gradually recovered from this 1990s recession, unemployment has again become a serious challenge in recent years, aggravated by the European economic crisis. Little by little, however, positive signs are now discernible. The unemployment rate was 6.8% in August 2018, down from 7.5% in August 2017. The number of unemployed jobseekers in August 2018 was 16,000 less than a year earlier. However, recent achievements in stemming long-term unemployment, youth unemployment and low-skilled unemployment are not entirely satisfactory, with the high level of youth unemployment a particular cause for concern. In the area of active labor-market policies, recent government strategies have included efforts to improve employment subsidies and labor-market training, and youth unemployment has been specially targeted. While Finland maintains a system of minimum wages and collective agreements, more attention is needed regarding worker-dismissal protection. Globalization has become a threat to labor-market strategies, as companies have sought to reduce their costs by moving production abroad. In many sectors, the amount of temporary work contracts has been increasing. Importantly, the Sipilä government has reformed the unemployment benefit system, with first amendments coming into force 1 January 2017. The first part of the reform cut the duration of earnings-related unemployment benefits from a maximum of 500 to 400 days, set stricter conditionalities for the unemployed in accepting job offers and sought to personalize employment services by interviewing job-seekers regularly. In January 2018, additional activation measures came into force, as a result unemployment benefits will be reduced for jobseekers who fail to meet a number of activation requirements. An initial evaluation indicates that the activation measures have first and foremost cut benefits for jobseekers whose labor market position is weakest (i.e., jobseekers over 55 years old). Overall, a considerable proportion of jobseekers have been unable to meet the conditions necessary to continue to receive their benefits. These reforms have marked a shift from passive to more active labor-market policies.

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; "Finnish Unemployment Rate. Forecast 2018-2020", www.tradingeconomics.com; Statistics Finland 2017, www.stat.fi; Official Statistics of Finland (OSF): [e-publication]", "Labour Force Survey www.stat.fi/til/tyti/2018/08/tyti_2018_08_2018-09-25_tau_016_en.html Ministry of Socal Affairs and Health. "Activation Model for Unemployment Security", https://stm.fi/en/unemployment/activation-model-for-unemployment-security "Aktiivimalli sai tylyn tuomion Teollisuusliiton kyselyssä", Tekijä. 29.11.2018.

Aktivimalii sai tyiyn tuomion reollisuusiiiton kyselyssä, rekijä, 29.11.2018. https://tekijalehti.fi/2018/11/29/aktiivimallikysely/

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. The state taxes individual incomes at rates falling on a progressive scale between 6% and 31.25% (2018). Municipal taxes range from 17% to 22.5%, depending on the municipal authority. In 2018, the average overall personal income-tax rate was 51.6%. Generally speaking, demands for vertical equity are largely satisfied. However, this is less true for horizontal equity. The corporate income-tax rate was lowered in January 2014 from 24.5% to 20%, which is less, on average, than in other Nordic countries and EU member states. Adjustments in recent years have made Finland's taxation system less complex and more transparent. Finland performs well in regards to structuralbalance, redistributional effects and overall taxation policies generate sufficient government revenue. There has thus far been no major shift away from the taxation of labor toward environmental taxation; the environmental taxes' share of tax revenues remains moderate. Taxes are generally high in Finland because the country has expensive health care and social-security systems, and also operates an efficient but costly education system. In Finland, the public in general has a favorable attitude toward high taxation. In polls in recent years, 96% of respondents agreed that taxation is an important means of maintaining the welfare state, and 75% agreed that they had received sufficient benefits from their tax payments.

Citation:

Tim Begany, "Countries with the Highest Taxes", http://www.investopedia.com/; http://www.tradingeconomics.com/finland/personal-income-tax; "Tax Rates Finland", www.nordisketax.net; vm.fi/en/taxation; www.investinfinland.fi/...Taxation/92709b8f-7464-4a39-b722.

Budgets

Budgetary Policy Score: 8

R&I Policy

Score: 7

The government agenda of the current Sipilä government builds on its predecessors' initiatives, structural policy programs and public-finance adjustment policies. Consequently, the government's economic policy program has aimed at strengthening the economy's growth potential, raising the employment rate, bolstering household spending power and improving international competitiveness. Accordingly, the government is committed to an active fiscal policy that supports economic growth and employment, aims at a reduction of the central government's debt-to-GDP ratio, and tries to strike a balance between long-run fiscal sustainability and the short-term need to support domestic demand. However, the unfavorable economic environment has impeded the government's goals and ambitions. The debt crisis in Europe slowed economic growth, and the government's initial ambition to halt the growth in public debt by 2015 was not fulfilled. The Ministry of Finance's budget proposal for 2019 draws on decisions made in the general government fiscal plan of April 2018. According to estimates in the summer of 2018, the economy is expected to grow rapidly during 2018, after which a decrease in the economic growth rate is expected. The draft budget for 2019 amounts to a total expenditure of €5.1 billion. The budget deficit for 2019 is projected to be €1.7 billion, lower than when the Sipilä government took office (i.e., a budget deficit of €6.6 billion in 2014). The European Commission's 2018 Stability Programme for Finland projected that the debt ratio will fall below 60% of GDP in 2019. Forecasted GDP growth for 2019 is 2.3%, which is a slightly worse than the 2018 forecast of 2.5%.

Citation:

European Commission, "Assessment of the 2018 Stability Programme for Finland", https://ec.europa.eu/info/sites/info/files/economyfinance/26_fi_assessment_of_2018_stability_programme.pdf https://vm.fi/artikkeli/-/asset_publisher/valtiovarainministerion-ehdotus-vuoden-2019-talousarvioksi-onjulkaistu

Research, Innovation and Infrastructure

Finland was earlier among the forerunners in research and development (R&D) spending as well as in the number of researchers and patent applications. Indeed, in 2014, Finland had the European Union's highest R&D intensity, followed by Sweden and Denmark. However, this lead position subsequently declined in the wake of weakening economic prospects. Although allocations for R&D activities in the 2018 budget increased by €85.7 million from the previous year, the share of public research funding in GDP remained the same as in the previous year (i.e., 0.8%). The innovation

system's low level of internationalization is a particular weakness. Moreover, the focus of R&D has been on applied research, with basic research at universities and other institutes benefiting little. Undermining commitments laid out in the government program, the Sipilä government has repeatedly carried out dramatic cuts in government spending for education and higher learning. In the long run, given the obvious dependence of applied research on basic-research developments, the heavy bias in favor of applied research and the continuing neglect of the financial needs of schools and higher learning institutions will carry negative consequences for product development and productivity. Furthermore, the system of technology transfer from universities to the private sector is comparatively weak, and academic entrepreneurship is not well developed.

Citation:

"Research and Innovation Policy Guidelines for 2010-2015". The Research and Innovation Council of Finland, 2010. http://www.minedu.fi/export/sites/default/OPM/Tiede/tutkimusja_innovaationeuvosto/julkaisut/liitteet/Review2011-2015.pdf "Statistics Finland - Science, Technology and Information Society - Research and Development", www.stat.fi

Data on R&D expenditure; http://ec.europa.eu/eurostat/

 $https://www.stat.fi/til/tkker/2018/tkker_2018_2018-02-22_tie_001_en.html$

Global Financial System

Stabilizing Global Financial System Score: 9 Following the collapse of financial markets in Europe and the increased vulnerability of financial markets globally, political leaders in Finland have urged the passage of stronger regulations and more coordinated market supervision. In terms of attitudes and action, Finland has presented itself as an agenda-setter, providing support to countries seeking to advance selfregulation and combat excessive market risk-taking. Finland has also pursued measures to secure its own finances. According to a report by the International Monetary Fund in December 2017, Finland's banking system is wellcapitalized. Though the report also noted that the relocation of the headquarter of the Nordea Group from Stockholm to Helsinki will more than triple the size of bank assets under supervision. Also, while low interest rates have squeezed net interest income, banks have increased income from trading and insurance. Importantly, Denmark, Finland, Norway and Sweden all have sound financial systems that have withstood the impact of the European financial crisis. In 2013, the Finnish government approved the Europe 2020 National Program, which contains measures and national targets for achieving the goals of the Europe 2020 strategy. The program includes proposals to create an effective national macroprudential supervision system. With some 200 employees, the Financial Supervisory Authority is tasked with overseeing Finland's financial and insurance sector. The Financial Markets Department of the Ministry of Finance creates the rules for financial markets and the framework in which markets may operate; the department is also responsible for ensuring that the Ministry of Finance's international activities remain effective.

Citation:

"Finanssimarkkinoiden makrotaloudellisten vaikutusten sääntely ja valvonta", Työryhmän muistio 32/2012, Ministry of Finance, Publications 2012; imf./org/en/Publications/CR/issues/2016/12/31/Finland-Financial-System-Assessment-44437; www.Springer.com/cda/content.../978146/14955352-c1.pdf? https://www.imf.org/en/Publications/CR/Issues/2017/12/13/Finland-Selected-Issues-45467

II. Social Policies

Education

Education Policy Score: 8 Built on the principle of lifelong learning, education policy in Finland promotes and maintains high educational standards. Teachers are well-trained and teaching is still considered an attractive profession. In comparison with most other countries, teachers in Finland enjoy a high level of autonomy and are not formally evaluated, and there are very few national tests for students. 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. By and large, Finland's education system has proved successful and in recent years ranked at the top of the OECD's Program for International Student Assessment. However, while Finland remains among the top performers, the ranking of the country appears to be slipping as gender and regional disparities in student performance significantly grow. The Education and Research Development Plan, revised every four years by the government, directs the implementation of educationand research-policy goals as stated in the government program. Since 2011, the plan has focused on the alleviation of poverty, inequality and exclusion. While Finland's expenditure on educational institutions as a percentage of GDP was above the OECD average some years ago, heavy cuts by the government in the education sector have now weakened the financial conditions for designing and pursuing education policy. In 2016, new curricula for compulsory basic education was introduced, designed to increase equality in compulsory education, enhance pupil participation in goal-setting and evaluation, and integrate more technology in teaching. While the curricula reflect more thoroughly the growing needs of a knowledge society, it has been criticized for the short period of transition involved with implementing it and the lack of resources and training for teachers. Additionally, partial restrictions on the right to day care for children whose parents are not participating in the labor market undermine equal access to early education in some communities, especially in socially vulnerable families.

Citation:

Education and Research 2011-2016. A development plan. Reports of the Ministry of Education and Culture, Finland 2012:3: "Education Policy Outlook Finland", oecd.org/edu/highlightsFinland.htm; "The curricula in nutshell", new а http://www.oph.fi/english/curricula_and_qualifications/basic_education/curricula_2014; oecd.org/edu/highlightsfinland.htm. "Finnish Figures", Teachers and Principals in https://www.oph.fi/download/189802_finnish_teachers_and_principals_in_figures.pdf

Social Inclusion

Social Inclusion Policy Score: 7 The Finnish constitution safeguards basic economic, social and educational rights for all people, with these rights guaranteed both by the state and by municipal authorities. However, reality does not entirely measure up to this ideal. While social policy largely prevents poverty and the income-redistribution system has proven to be one of the most efficient in the European Union, pockets of relative poverty and social exclusion still prevail. Furthermore, inequalities in well-being exist between regions and municipalities, depending on demographic composition and economic strength. In general, the previous economic crisis in Finland has exposed an increasing number of people to long-term unemployment and poverty.

In terms of life satisfaction and gender equality, the government has embarked on a number of programs to improve its performance. The Act on Equality between Women and Men was passed in 1986 and gender discrimination is prohibited under additional legislation. Despite this legislation, inequalities between men and women prevail, especially in the workplace. 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 on 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. The explosive increase in the number of immigrants in 2016 and 2017 has added to these difficulties. Furthermore, the growing number of people (especially older people) living alone, and widespread perceptions of loneliness among children and young people have gained attention. Improving the inclusion in society of vulnerable groups and the design of services to prevent loneliness have become core issues within the social inclusion agenda.

Citation:

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

Health

Health Policy Score: 7 Health policies in Finland have over time led to palpable improvements in public health such as a decrease in infant-mortality rates and the development of an effective health-insurance system. Furthermore, Finnish residents have access to extensive health services despite comparatively low per capita health costs. Yet criticisms are common regarding life expectancy, perceived health levels, the aging population and an inadequate provision of local health care resources. Also, Finland's old-age dependency ratio is increasing substantially, although not as dramatically as in some other EU member states, and many clinics formerly run by municipal authorities have been privatized. Government planning documents outline preventive measures. For example, the 2015 Public Health Program describes a broad framework to promote health across various sectors of the government and public administration. Similarly, the Socially Sustainable Finland 2020 strategy sets out the current aims of Finland's social and health policy. In November 2015, the government agreed on a major social and health care reform (SOTE) that will move responsibilities for social welfare and health care services from municipalities to 18 larger governmental entities (counties) beginning in 2020. Also, a planned reform envisions greater freedom for clients in choosing between public and private health care providers; at the time of writing, however, the implementation of this reform remains the subject of considerable political conflict and debate. After concerns by the Constitutional Law Committee in June 2018, the SOTE reform is expected to come into force in early 2021.

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;

http://alueuudistus.fi/en/social-welfare-and-health-care-reform.

Families

Family Policy Score: 8 Family policy in Finland adheres to the U.N. Convention on the Rights of the Child, as well as other international agreements. Finland's family-policy programs aim to create a secure environment for children and support parents' physical and mental resources. By and large, family policy has been successful. For example, child poverty has practically been eradicated. Support for families has three main elements: financial support for services and family leave, child benefits, and the provision of day care services. Access to public

day care is guaranteed to all children under seven years of age, and allowances are paid for every child until they turn 17. However, in recent years, as parts of structural reform packages, the Sipilä government has implemented changes in the right to day care, with potentially far-reaching consequences. Limiting the right to day care to part-time coverage may increase inequalities in earlychildhood education and weaken the position of children from socially marginalized backgrounds.

Family policy also remains somewhat problematic with regard to gender equality. Although the employment rate and, in particular, full-time employment rate among women is among the highest in the European Union, family policies have still not fully solved the challenge of combining parenting and employment. The fertility rate has fallen for seven years in a row, reaching an all-time low of 1.49 children per woman in 2017. Although the number of fathers that take paternity leave has somewhat increased, child care responsibilities still fall predominately on women. Also, the home care allowance of up to three years encourages Finnish women to leave the labor market after having a child for a longer period than women in many other countries. Comparative examinations of Nordic family policies suggest that family policies in Finland have not developed to fully match the more flexible family policy arrangements in, for example, Norway and Sweden. The Sipilä government's plans for a major family policy reform failed. The aim of the proposed reform had been to promote a more equal distribution of parental leave between fathers and mothers, and advance mothers' labor market participation. The proposed reformed failed because the government could not achieve a consensus. In general, evidence has shown that family-centered thinking is increasing among Finnish adults and within Finnish culture more generally.

Citation:

Katja Repo, "The Contradiction of Finnish Childcare Policies", www.ungdata.no/reassessassets/20608/20608.ppt; Mia Hakovirta and Minna Rantalaiho, "Family Policy and Shared Parenting in Nordic Countries", European Journal of Social Security, Vol. 13 No 2, pp. 247-266, 2011. https://www.stat.fi/til/synt/2017/synt_2017_2018-04-27_tie_001_en.html

Pensions

Pension Policy Score: 9 The Finnish pension system has two schemes: a residence-based, national pension, and a mandatory employment-based, earnings-related pension. Voluntary occupational schemes and private pension savings play a minor role; still, about one-fifth of Finnish citizens report saving for old-age either in specific private pension schemes, common saving accounts, or other kinds of assets. Successfully managed by the social partners as well as the government,

the overall pension policy has thus far been able to provide adequate pension provision and Finland has, by and large, avoided the classic problem of poverty in old age. However, the oldest cohorts, women and retirees living alone suffer from poverty more often than other retirees. The ongoing aging of Finland's population creates problems in terms of labor-force maintenance and fiscal sustainability and the economic crisis in Europe has added to these problems. Present strategies aim at encouraging later retirement in order to ensure that the state pension provides sufficient funding. In 2018, Finland pension system was ranked the third best in the world, according to the Mercer Global Pension Index, with the Finnish pension system ranked highest regarding administrative integrity and transparency.

A major reform of the pension system in 2005 aimed at increasing pensionpolicy flexibility and creating more incentives for workers to stay in employment. In 2011, a national guarantee pension was introduced. While these reforms were successful, a further major reform came into effect in 2017, the main goal again being to lengthen careers and help close the sustainability gap in public finances. Major changes imply a gradual rise in the lowest retirement age, a harmonization of pension accrual, an increase in deferred retirement (to provide an incentive to stay in work life longer), flexible parttime retirement and amendments to the accumulation rate. The European Commission has encouraged Finland to consider linking the retirement age to the extending life expectancy; in line with this suggestion, the present reform links the retirement age to life expectancy beginning in 2030. Figures for 2017 show that the expected effective retirement age within the earnings-related pension system was 61.2 years, which was 0.1 years more than during the previous year. At present, Finland ranks in the middle of EU member states in terms of average exit age from the labor force, but the effective retirement age is expected to reach its target level of 62.4 years in 2025.

Citation:

Nicholas Barr, "The Pension System in Finland: Adequacy, Sustainability and Systems Design", Finnish Centre for Pensions, 2013;

Agreement on the 2017 Earnings-related Pension Reform, http://www.etk.fi/wp-content/uploads/agreement_on_2017_earnings_related_pension_reform_final.pdf;

"The Finnish Pension System", http://www.infopankki.fi/en/living-in-Finland/work_and_enterprise/pension; Susan Kuivalainen, Juha Rantala, Kati Ahonen, Kati Kuitto and Liisa-Maria Palomäki (eds.) 2017. Eläkkeet ja eläkeläisten toimeentulo 1995–2015 [Pensions and livelihood of retirees 1995-2015]. Helsinki: Finnish Centre for Pensions.

https://www.etk.fi/en/statistics-2/statistics/effective-retirement-age/

Integration

Integration Policy Score: 7 Since the beginning of the 1980s, Finland has witnessed more immigration than emigration. From 1990 to 2016, the share of the population with a foreign background grew from 0.8% to 6.6%. Several factors have challenged the

management of this inflow of immigrants. Second-generation immigrants have had difficulties entering education or finding work. There are also differences in labor-market attachment relative to migrants' countries of origin; Estonians, for example, finding their way into employment much more easily than migrants from sub-Saharan Africa.

Boosting rates of labor-market participation is one of the key targets of the government's Future of Migration 2020 Strategy and 2016 Action Plan. While Finland, in terms of a per capita ratio, has received a fair share of asylum-seekers, the country is not considered to be among the top destinations for immigrants. This is the result of various factor. Applying for a Finnish residence permit is still a complicated process, as is applying for Finnish citizenship. Finnish is a difficult language and proficient language skills are required. While sympathetic to work-related immigration, authorities' general attitude toward immigration is rather restrictive. Moreover, until the summer of 2017, the Finns Party used its cabinet position as a platform to fan anti-immigrant sentiments. Several demonstrations by anti-immigrant protesters against refugee accommodations turned violent. However, according to polls, the share of favorable attitudes toward immigration among the public has slightly increased recently, which is in part due to the catastrophic refugee situation in the European Union.

Citation:

Arno Tanner, "Finland's Balancing Act", http://www.migrationpolicy.org/article/finlands-balancing-act-labor-market-humanitarian-relief-and-immigrant-integration;

"Finland must develop its Immigration and Integration Policies", http://www.helsinkitimes.fi/;

Eve Kyntäjä, "Integration Policy in Finland", h24-files.s3.amazonnews.com/62061/837056/-audb.pdf;

Henna Busk, Signe Jauhiainen, Antti Kekäläinen, Satu Nivalainen and Tuuli Tähtinen 2016. "Maahanmuuttajat työmarkkinoilla: tutkimus eri vuosina Suomeen muuttaneiden työurista" [Immigrants on the labour market – A study of the working lives of immigrants arriving in Finland in different years]. Finnish Centre for Pensions, Studies 06/2016. Helsinki: Finnish Centre for Pensions;

Elli Heikkilä and Selena Peltonen, "Immigrants and Integration in Finland", Institute of Migration, Turku.

Safe Living

Internal Security Policy Score: 9 According to the 2018 OSAC report, Finland continues to be a safe and secure environment for business, tourism, and living, having one of the world's most effective police forces. Finland remains among the safest countries in the world, with a very low crime rate. The overall crime rate decreased by 6.1% during the first nine months of 2017. Still, as evident from the 2018 OSAC report, there has been an increase in aggravated crimes, rapes and assaults. According to polls, Finnish citizens regard the police as one of the most reliable public institutions. Following the establishment of a First Program on Internal Security in 2004, government in 2012 adopted the Third Internal Security Program, with the aim of reducing citizen's daily security concerns. The program's overall implementation has been 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. Involving a collaboration between municipalities, regions, organizations, business and public administration, preparations for a new national strategy outline were initiated in August 2016 and completed in April 2017. An implementation program for Finland's Cyber Security Strategy for 2017 – 2020 has been adopted and measures have been taken to increase national and international cooperation between intelligence and police authorities.

Citation:

"Turvallisempi huominen. Sisäisen turvallisuuden ohjelma." 26/2012. Ministry of Interior, Helsinki; http://www.intermin.fi/download/34893_262012_STO_III_fi.pdf;

 $http://www.intermin.fi/fi/kehittamishankkeet/sisaisen_turvallisuuden_strategia;$

turvallisuuskomitea.fi/index.php/en/materials.

"Finland 2018 Crime & Safety Report", https://www.osac.gov/Pages/ContentReportDetails.aspx?cid=23172

Global Inequalities

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. However, due to severe strains in the Finnish economy, the government has been forced to decide and implement considerable reductions in the amount of humanitarian aid. In 2017, Finland spent €961.4 million on development cooperation appropriations, accounting for 0.41% of GNI. In 2015, the share was 0.55% and in 2016 044%. Under the 2018 budget, €886 million is reserved for development cooperation appropriations. Finland emphasizes the primary role of the United Nations in coordinating the provision of aid, and in general channels its funds for humanitarian aid through U.N. organizations. Finland is committed to the United Nation's 2030 Agenda for Sustainable Development and Sustainable Development Goals. 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. The Ministry for Foreign Affairs, in conjunction with external consultants, monitor the attainment of goals and the use of funds, and in June 2014 the ministry introduced an online service enabling anybody to report suspected misuse of development-cooperation funds. The overall efficiency of Finnish efforts is not high and the country is not counted among the world's top aid initiators or agenda-setters. In terms of advancing global social inclusion, Finland is a committed partner rather than a leader.

Global Social Policy Score: 7 Citation:

"Finland's Development Policy Programme 2012", Ministry for Foreign Affairs of Finland, 6/19/2012; Ministry for Foreign Affairs of Finland, http://www.formin.fi/public/default.aspx?contentid=251855. https://findikaattori.fi/en/69

https://um.fi/finland-s-development-cooperation-appropriations

III. Enviromental Policies

Environment

Environmental Policy Score: 8

Finland faces quite specific environmental challenges in terms of climate change and population growth; yet the country's contribution to larger efforts in combating climate change have to date been fairly modest. Still, after being ranked 18 out of 178 countries in Yale University's 2014 Environmental Performance Index, Finland ranked first ahead of Iceland, Sweden and Denmark in 2016. However, in 2018 it fell to 10th place. According to a report released in December 2017, Finland's greenhouse gas emissions grew by 6% from the previous year, amounting to 58.9 million tons of carbon dioxide. Water pollution is a major challenge in Finland. While pollution emissions from large industrial facilities have to a large extent been 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 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. The environment and natural resources are among the responsibilities of 13 centers for economic development, transport and the environment. The Ministry of Employment and the Economy supervises the general administrative work of these centers. Recent research suggests that in environmental matters in which economic factors play a key role there is a trend toward restricting the rights of citizens to be informed about and influence decisions.

Citation:									
Jari	Lyytir	Lyytimäki,		"Environi	mental	Protection	in		Finland",
http://finland.fi/public/default.aspx?contentid=160041;									
"Finland's	Environmental				Administration",		http://www.ymparisto.fi/en-		
US/Finlands_environmental_administration;									
http://archive.epi.yale.edu/epi/country-rankings;									
Sebastian	Frick	and	Luis	Marin	Morillas,	"Environmental	Policies	in	Finland",
https://prezi.com/x6yy6xidpwaj/environmental-policies-in-finland/;									

Siina Raskulla, "Ympäristöperusoikeus politiikkainstrumenttina ja kansalaisoikeutena", pp. 280-297, Politiikka, 2016,Nr 4. Statistic Finlnad, https://www.stat.fi/til/khki/

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 climate change and air pollution, Finland is not among the primary agenda-setters with regard to the advancement of international regimes. However, Finland has received ratings ranging from "good" to "satisfying" in international comparisons of environmental-protection standards, such as the Environmental Sustainability Index. Finland is currently chairing the Arctic Council (2017 - 2019), an obligation that has strengthened the international position of the country, especially with regards to questions pertaining to the Arctic region. In operational terms, Finland continues to promote the implementation of the Paris Agreement on climate change and the United Nation's Sustainable Development Goals. The Ministry for Foreign Affairs has developed guidelines on how to arrange environmentally sustainable meetings, conferences and seminars.

Citation:

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

"Exploring Common Solutions - Finlands Chairmanship Program for the Arctic Council 2017-2019", Ministry for Foreign Affairs, 2017.

Quality of Democracy

Electoral Processes

The electoral process in Finland is free and fair, and the country's constitution grants Finnish citizens the right to participate in national elections and referendums. 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 marginal. Candidates for presidential elections can be nominated by any political party that is represented in parliament at the time of nomination. Candidates may also be nominated by associations of at least 20,000 enfranchised citizens. President Sauli Niinistö, who was re-elected by an overwhelming majority in the 2018 elections, preferred to be nominated by a voters' association rather than a specific political party and collected more than 150,000 supportive signatures for this purpose.

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 somewhat 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, though in practice it

Candidacy Procedures Score: 10 is dependent on the economic resources of parties and individual candidates. Candidates are required to report on the sources of their campaign funds. Social media play an increasing role in candidates' electoral campaigns, as these outlets now attract a growing share of voters. This also means that candidates are less dependent on party organizations and external funding for campaigning. As a consequence of the enhanced role of social media, campaigns are likely to be longer at the same time as candidates are expected to continuously share their opinion on a multitude of issues. Such trends are especially important in Finland, since the country uses an open list proportional system in which the order candidates are elected from the party lists is dependent on the number of personal votes received.

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. Laakso, Mikko (2017). Sosiaalinen media vaalikampanjoinnissa.

Voting and Registration Rights Score: 10 Electoral provisions stipulate universal suffrage for all adult Finnish citizens (including prisoners and mentally disabled people), 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 of non-Finnish nationals resident in Finland from national elections. However, non-Finnish permanent residents may vote in municipal elections. The population registration center maintains a register of people eligible to vote, and sends a notification to those included in the register. Citizens do not need to register separately to be able to vote. A system of advance voting has been in place for several decades now, and the proportion of ballots cast in advance has risen significantly. Electronic voting was tested during the 2008 municipal elections, but has not been adopted in subsequent elections. However, the government has declared internet-based voting methods as a policy objective.

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 New campaign-finance legislation was implemented between 2008 and 2009, in the wake of several political financing scandals. 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. In addition, there are limits on the amount a donor can contribute over a time period or during an election. Currently, a single private donor can donate up to 6,000 to a candidate standing in a parliamentary election. Candidates are required to report the sources of their campaign funds. These reports are filed with ministries and auditing agencies, and made publicly available. Financing scandals involving parties and candidates continue to attract media coverage, and studies indicate that parties are likely to lose electoral support if they are involved in finance scandals. As a result of the new rules, the quality of party financing has improved and public opinion polls indicate that the credibility of politicians has increased.

Citation:

http://www.idea.int/parties/finance; https://www.idea.int/data-tools/country-view/105/55 Demokratiapuntari 2012: Yhteenveto. Ministry of Justice/MTV3/tnsGallup, 02/2012; Mattila, Mikko and Sundberg, Jan 2012: Vaalirahoitus ja vaalirahakohu. In: Borg, Sami (ed.): Muutosvaalit 2011. Oikeusministeriön selvityksiä ja ohjeita 16/2012. Oikeusministeriö (Ministry of Justice), pp.227–238.

Popular Decision-Making Score: 6 In 1987 government incorporated referendums into the Finnish constitution. The provision, laid down in the Law of Procedures in Advisory Referendums, enable advisory referendums to be called by parliament by means of special laws that specify the date of voting and establish the alternatives to be presented to the voters. There are no minimum participation rates or required vote majorities specified. Since that time, only a single national referendum has taken place, in 1994. This addressed Finland's entry into the European Union.

While this mechanism does not enable direct citizen participation in public policymaking, a constitutional amendment in 2012 introduced a popularinitiative system. This system requires parliament to consider any petition that receives 50,000 signatures or more within six months. However, citizens do not themselves have the opportunity to vote on the initiative issues, as the right of decision and agenda-setting remains with the parliament. The first initiative to receive enough signatories to be submitted to parliament was on the prohibition of fur farming; it was subsequently rejected. A later initiative concerning same-sex marriage also received a sufficient number of signatories and was approved by the parliament after a heated debate. In 2017, an initiative to repeal this decision received more than 100,000 signatures, but was rejected by parliament. Since its establishment, about 800 initiatives have been brought up, of which 24 were submitted to the parliament for debate. At the time of writing, about 40 initiatives are being lined up for consideration by the parliament. The Ministry of Justice maintains an online platform for citizens' initiatives.

The Finnish system also allows for citizen-initiated municipal referendums. However, municipal authorities determine how such referendums are conducted and 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.

Online platform for citizen initiatives; https://www.kansalaisaloite.fi/fi Henrik Serup Christensen, Maija Karjalainen and Maija Setälä, Kansalaisaloite poliittisen yhdenvertaisuuden näkökulmasta, pp. 435-456 in Kimmo Grönlund and Hanna Wass, eds. Poliittisen osallistumisen eriytyminen, Helsinki: Oikeusministeriö, Selvityksiä ja ohjeita 28, 2016.

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 contributor to debate among citizens and the formation of public opinion. Finland has been ranked at or near the top of the Reporters Without Borders' World Press Freedom Index since 2009. In 2016, Finland ranked first for the sixth consecutive year. Though Finland ranked third in 2017 and fourth in 2018, trailing behind Norway, Sweden and the Netherlands. Several factors have contributed to this success. Media consumption rates are fairly high in Finland. The rate of media consumption guarantees a strong market and healthy competition, promoting high quality journalism. In addition, the Council for Mass Media in Finland has successfully managed a system of self-regulation among media outlets. Furthermore, as Finland is one of the least corrupt societies in the world, the government has in general not sought to interfere with press freedom. However, at the end of 2016, prominent journalists at the national broadcaster YLE resigned following a dispute over Prime Minister Sipilä's email complaints about the broadcaster's coverage of a mining company in which Sipilä's relatives are stakeholders. In December 2017, the home of a journalist was searched and material confiscated after she published an article concerning a Finnish military intelligence agency in the Helsingin Sanomat. In October 2018, a Helsinki Court of Appeal upheld a previous verdict stating that the police acted appropriately when carrying out the search.

Citation: "Reporters without Borders, Finland", https://rsf.org/en/finland

Finland's media landscape is pluralistic and includes a variety of newspapers and magazines. Moreover, the conditions in which Finland's journalists operate are said to be among the most favorable in the World. In addition, Finland still boasts an impressive newspaper readership, despite a definite decline in circulation numbers in recent years. According to a recent report by Reporters without Borders, Finland ranks fourth in terms of newspaper readers per capita. However, newspapers do face the prospect of long-term decline due to the rise of the electronic media and increasing economic pressures due to a loss of advertising share and increasing costs. Indeed, during the last decade, user-generated content and online social-media platforms have revolutionized

Media Pluralism Score: 10 the media landscape. As a rule, newspapers are privately owned but publicly subsidized. The ownership structure is therefore fairly diverse. The position of regional newspapers remains comparatively 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 is almost 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. The national broadcasting company, Yleisradio, operates several national and regional television and radio channels, and supplies a broad range of information online. Although state-owned and controlled by a parliamentary council, Yleisradio has generally been viewed as unbiased. Yleisradio is complemented by several private broadcasting companies.

Citation:

http://www.stat.fi/tup/suoluk/suolu_k_kultuuri_en.html#newspaper; Ville Manninen & Heikki Kuutti, "Media Pluralism Monitor 2015 - Results - Finland", monitor.cmpf.eui.eu/mpm2015/results/finland Official Statistics of Finland (OSF): Use of information and communications technology by individuals [epublication].

ISSN=2341-8710. Helsinki: Statistics Finland.

The public's access to government information is in principle unrestricted. In accordance with the Finnish constitution, every Finnish citizen has the right of 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. One such document, the so-called Tiitinen's List, continues to be highly controversial. The list was handed over to Finland by West Germany in 1990, and is assumed to contain the names of 18 people who allegedly collaborated with the East German Intelligence and Security Service. However, to date, Finnish authorities have refused to release the document. Finland was among the first countries to sign the Council of Europe Convention on Access to Official Documents in 2009. The 1999 act on the openness of government activities stipulates that people asking for information

are not required to provide reasons for their request, and that responses to requests must be made within 14 days. Appeals of 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.

Access to Government Information Score: 10

Civil Rights and Political Liberties

Civil rights are widely respected and protected in Finland. The country has received the highest possible rankings for civil rights in Freedom House's annual rankings since the early 1980s. 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. In November 2014, after long and contentious discussions, parliament voted to provide marriage rights for samesex couples, and adoption-rights legislation for same-sex couples became effective in March 2017.

> Citation: "Freedom House" (https://freedomhouse.org/).

Political Liberties Political liberties are effectively protected in Finland. The country 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, although the share of membership in trade unions has been decreasing. Women enjoy rights and liberties in Finland equal to those of men. Since the criminal code covers ethnic agitation, courts are regularly faced with the delicate task of weighing the principle of freedom of speech against the principle of forbidding hate speech. In September 2018, the Court of Appeal in Turku upheld a ban on the Nordic Resistance Movement, a National Socialist organization, which is also active in Denmark, Norway and Sweden. The constitution guarantees members of the indigenous Saami population, who comprise less than 1% of the population, cultural autonomy and the right to pursue their traditional livelihoods.

> Rights of ethnic and religious minorities are as a rule well protected in Finland, and the criminal code provides penalties for 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 recognized as an official national language, although some segments of the population, primarily represented by the so-called Finns Party, have turned hostile toward Finland's Swedish-speaking population. The Aland Islands, whose inhabitants speak Swedish, have historically maintained an extensive autonomy and a home-rule parliament as well as one permanent seat in the national legislature. The Sami population, comprising approximately 10,000

Civil Rights Score: 10

Score: 10

Nondiscrimination Score: 8

individuals, was granted self-government in the Sami Homeland with regard to language and culture in 1995. Finland has often been seen as a forerunner concerning its efforts to maintain an effective minority-protection policy. Cases of discrimination are rather few, although people with an immigrant background are more likely to encounter discrimination. Roma individuals, who make up a small proportion of the population, are marginalized. The Finns Party – which split in two in 2017, with one fraction remaining within the government coalition – has been accused of encouraging discrimination against ethnic minorities and asylum-seekers.

Rule of Law

Legal Certainty Score: 10 The rule of law is a basic pillar 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 The predominance of the rule of law has been somewhat weakened by the lack Score: 9 of a Constitutional Court in Finland. The need for such a court has been discussed at times, but left-wing parties in particular have historically blocked proposals for the creation of such a court. Instead, the parliament's Constitutional Law Committee has assumed the position taken in other countries by a constitutional court. The implication of this is that parliament is controlled by a kind of inner-parliament, an arrangement that constitutes a less than convincing compensation for a regular constitutional court. In addition, although courts are independent in Finland, they do not decide on the constitutionality or the conformity with law of acts of government or the 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 monitors authorities' compliance with the law and the legality of the official acts of the government, its members, and the President of the Republic. The Chancellor is also charged with supervising the legal behavior of courts, authorities and civil servants.

> The present Sipilä government has been criticized for not taking the concerns of the Chancellor of Justice into full account when preparing bills. In consequence, several bills put forth by the Sipilä government have been subject to heavy review by the Constitutional Law Committee.

Citation:

[&]quot;Hallituksen painostus jyräsi oikeuskanslerin pyrkimykset korjata ongelmallisia lakiesityksiä – oikeustieteen professorit tyrmistyivät"; http://www.hs.fi/politiikka/art-2000005011266.html

Appointment of Justices Score: 5 There are three levels of courts: local, appellate and supreme. The final court of appeal is the Supreme Court, and 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 not subject to political influence. 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 not receive much media coverage.

> The overall level of corruption in Finland is low, with the country offering a solid example of how the consolidation of advanced democratic institutions may lead to the reduction of corruption. The 2017 Corruption Perceptions Index by Transparency International ranked Finland 3 out of 180 countries. The country had ranked third in 2016 and second in 2015. Several individual mechanisms contribute to the Finnish success, including a strict auditing of state spending; new and more efficient regulations over party financing; legal provisions that criminalize the acceptance of brides; full access by 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 some room for potential abuse, and a 2014 European Commission report emphasized the need to make public-procurement decisions and election funding more transparent. It is also evident that positions in Finland are still filled through political appointment. Whereas only about 5% of citizens are party members, two-thirds of the state and municipal public servants are party members. Recently, several political-corruption charges dealing with bribery and campaign financing have been brought to light and have attracted media attention.

Citation:

Hung-En Sung, "Democracy and Political Corruption: A Cross-National Comparison", Crime, Law & Social Change, Vol. 41, 2004, 179-194. Transparency International, "Corruption Perceptions Index 2017", https://www.transparency.org/news/feature/corruption_perceptions_index_2017

Corruption Prevention Score: 9

Governance

I. Executive Capacity

Strategic Capacity

Strategic Planning Score: 9 Strategic planning has considerable influence on government decision-making. The strategic goals contained in 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 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. As a former entrepreneur, Prime Minister Sipilä has given the government program an even more strategic turn. For some of its policy objectives, the government utilizes trial projects to assess reform impacts. The basic income trial project, which was run with 2,000 participants nationwide in 2017 and 2018, is an example of this kind of new strategic evidence-based planning. The initial results of a scientific assessment of the experiment will be available in spring 2019. The analysis will include a register-based study, and a survey of experimental and control group participants.

Citation:

Basic income experiment; http://www.kela.fi/web/en/basic-income-experiment-2017-2018

Expert Advice Score: 7 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, various 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 Research and Innovation Council. A government resolution on a comprehensive reform of state research institutes and research funding, which aims to make the use of sectoral research in governmental decision-making more efficient and focused, was adopted in 2013, and implemented between 2014 and 2017. The Prime Minister's Office makes a yearly plan for realizing strategic research objectives and calls for the systemic use of research projects and data for decision-making, steering, and operating procedures. Projects under the government's strategic research goals are managed by the Strategic Research Council at the Academy of Finland.

Interministerial Coordination

GO Expertise As a ministry in itself, the Prime Minister's Office (PMO) has the capacity to Score: 9 evaluate proposed policy. The primary function of the PMO 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 PMO monitors the implementation of the government program and coordinates Finland's EU policy. In addition, the PMO is tasked with coordinating communications between the government and various ministries, planning future-oriented social policies, and promoting cooperation between the government and the various branches of public administration. The PMO has six departments: the Government EU Affairs Department, the Government Administration Department, the Ownership Steering Department, the Government Communications Department, the Government Strategy Department and the Government Session Unit. The PMO has a secretary of state, a permanent undersecretary of state and some 550 employees arranged within several task-specific units. Team Finland, which is guided by the PMO, is a network tasked with promoting international trade and relations, improving the efficiency of business cooperation abroad, and increasing the ease with which Finnish customers can access international business services.

Citation:

http://vnk.fi/en/frontpage http://team.finland.fi/en/frontpage

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 the 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 intersectoral 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. The government's analysis, assessment and research activities that support policymaking across the ministries are coordinated by the Prime Minister's Office (PMO). In addition, because decision-making is collective and consensual in nature, ministry attempts to place items on the cabinet's agenda without involving the Prime Minister's Office will fail. Finland has a recent tradition of fairly broad-based coalition governments. Though the current Sipilä government is an exception, as its majority in parliament has shrunk to 52.5%. This tradition amalgamates ideological antagonisms and thereby mitigates against fragmentation along ministerial and sectoral lines.

Citation:

Jaakko Nousiainen, "Politiikan huipulla. Ministerit ja ministeriöt Suomen parlamentaarisessa 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: the Ministerial Committee on Foreign and Security Policy (which meets with the president when pressing issues arise), the Ministerial Committee on European Union Affairs, the Ministerial Finance Committee and the Ministerial Committee on Economic Policy. Additionally, ad hoc cabinet committees can be appointed by the government plenary session. All these committees are chaired by the prime minister, who also chairs sessions of the Economic Council, the Research and Innovation Council, and the Title Board. In addition, there are several ministerial working groups. The primary task of these committees and groups is to prepare cabinet meetings by helping to create consensus between relevant 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 several years ago into the internal politics and practices of the cabinet and ministries emphasized the existence of a cyclical culture of dependence between ministers and senior officials. One expression of this mutual dependence, according to the same analysis, was that ministers put greater trust in the advice of their subordinate civil servants than in the advice of ministerial colleagues. This pattern extends to all aspects of the cabinet's agenda. At times, civil servants can exercise significant influence. The former state secretary in the Ministry of Finance, Raimo Sailas, was widely considered to be highly influential. With regard to policy programs and similar intersectoral issues, coordination between civil servants of separate ministries happens as a matter of course. In specific matters, coordination may even be dictated. For instance, statements from the Ministry of Finance on

Ministerial Bureaucracy Score: 10 economic and financial matters must be obtained by other ministries. On the whole, given the decision-making culture, civil servants in different ministries are expected to engage in coordination. An unwritten code of behavior prescribes harmonious and smooth activity, and ministers or ministries are expected to subject projects that are burdensome or sensitive to a collective examination and analysis.

Citation:

Jaakko Nousiainen, "Politiikan huipulla. Ministerit ja ministeriöt Suomen parlamentaarisessa järjestelmässä". Porvoo: Werner Söderström Osakeyhtiö, 1992, p. 128; Eero Murto, Power Relationship Between Ministers and Civil Servants, pp. 189-208 in Lauri Karvonen, Heikki Paloheimo and Tapio Raunio, eds. The Changing Balance of Power in Finland, Stockholm: Santérus Förlag, 2016.

Informal Coordination Score: 10 Intersectoral coordination has generally been perceived as an important issue in Finnish politics, but rather few institutional mechanisms have in fact been introduced. One of these is the Iltakoulu (evening session). To a considerable extent, then, coordination proceeds effectively through informal mechanisms. Recent large-scale policy programs have enhanced intersectoral policymaking; additionally, Finland's membership in the European Union has of course necessitated increased interministerial coordination. Recent research in Finland has only focused tangentially on informal mechanisms, but various case studies suggest that the system of coordination by advisory councils has performed well.

Citation:

Eero Murto, Power Relationship Between Ministers and Civil Servants, pp. 189-208 in Lauri Karvonen, Heikki Paloheimo and Tapio Raunio, eds. The Changing Balance of Political Power in Finland, Stockholm: Santérus Förlag, 2016.

Finland is a global leader for information and communications technology, and the digitalization of public services is a key project in Sipilä's government program. In line with this ambition, the government has set out to digitalize internal administrative processes. Finland is ranked in the top three in the European Union's Digital Economy and Society Index (2018). In terms of digital public services, Finland ranks first. The government administration department within the Prime Minister's Office, which has a central role in interministerial coordination, has a special Information Management and ICT Division.

Citation:

"Programme of Prime Minister Sipilä's Government", https://valtioneuvosto.fi/en/sipila/government-programme

"Digital Economy and Society Index", https://ec.europa.eu/digital-single-market/en/desi

Digitalization for Interministerial Coordination Score: 9 **RIA** Application

Score: 9

Evidence-based Instruments

Systematic impact assessment is today a routine part of the Finnish legislative drafting process. Regulatory impact assessment activities have comprised, 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. Furthermore, assessments have investigated the activities of the Ministry of Social Affairs and Health, and an international evaluation of the Finnish national innovation system, commissioned by the Ministry of Education and Culture and the Ministry of Employment and the Economy, has been performed. The general framework for regulatory impact assessments is grounded in a program-management system governing intersectoral policy programs. This framework was initiated in 2007 and is still valid as a guide to impact assessment. An independent Council of Regulatory Impact Analysis was established in December 2015 at the Prime Minister's Office as part of the Sipilä's government program. The Council is responsible for issuing statements on government proposals and on their regulatory impact assessments. In April 2016, the government appointed the first term of the Council (April 2016 to April 2019). During 2016, the Council considered about twenty draft government proposals. The corresponding figure for 2017 was 30. The verdict has not been favorable as regards the overall quality of law-making, as the Council has found impact assessments to have been deficient in a significant proportion of proposals.

Citation:

"Impact Assessment in Legislative Drafting. Guidelines", Ministry of Justice, Finland. Publication 2008:4; Auri Pakarinen, Jyrki Tala and Laura Hämynen, "Regulatory Impact Assessment in the Finnish Government's Proposals in 2009", National Research Institute of Legal Policy, Research Communications no. 104; "Better Regulation", Helsinki, Ministry of Justice, 2014;

http://oikeusministerio.fi/en/index/basicprovisions/legis;lation/parempisaantely.html

Prime Minister's Office, Finland: "Finnish Council of Regulatory Impact Analysis", http://vnk.fi/en/councilof-regulatory-impact-analysis.

"Finnish Council of Regulatory Impact Analysis Annual Review 2017", https://vnk.fi/documents/10616/7861578/Finnish+Council+of+Regulatory+Impact+Analysis+Annual+Revie w+2017/5b9b4fd4-aa89-4700-b292-fa11b7d3cc43?version=1.1

Quality of RIAImpact assessment guidelines adopted in 2007 still provide a general
framework for the process of regulatory impact assessment. The Revision
Bureau of the Ministry of Justice's Law Drafting Department monitors
compliance with these impact assessment guidelines. Impact assessments
cover the economic, administrative, environmental and social impacts of
proposed legislation. The guidelines describe what kind of impact may be
involved, how the impact may be assessed, and what methods and information
sources are available. The guidelines also specify the extent to which this
information must be provided in the assessments. For instance, assessments

may deal with proposals' potential economic impact on households, businesses and public finances as well as overall economic impact. Concerning methodology, guidelines recommend the use of statistical data, questionnaire data, expert analyses and when necessary, qualitative methods. Generally speaking, the regulatory impact assessment process is well-structured and of a high quality. However, in its annual review for 2017 assessment, the Finnish Council of Regulatory Impact noted that although guidelines for drafting laws were available, the guidelines tended to be somewhat inconsistent and overlapping. Accordingly, the council recommended that a revised and harmonized set of impact assessment guidelines should be prepared and that these should also include guidance on assessing the impacts of EU legislation.

Citation:

Ministry of Justice (2008): "Impact Assessment in Legislative Drafting - Guidelines". Helsinki, Publication 2008:4.

http://oikeusministerio.fi/fi/index/toimintajatavoitteet/lakiensaataminen/parempisaantely/vaikutustenarviointi/saadosehdotustenvaikutustenarviointiohjeet.html.

http://vnk.fi/en/article/-/asset_publisher/arviointineuvosto-vaikutusten-arviointien-tasoa-on-parannettava Finnish Council of Regulatory Impact Analysis: Annual Review 2017., https://vnk.fi/documents/10616/7861578/Finnish+Council+of+Regulatory+Impact+Analysis+Annual+Revie w+2017/

The Finnish government understands that regular and complete assessments of regulations are fundamental to the governing of complex and open societies and economies. In consequence, the country has a comprehensive regulatory impact assessment program in place. Also, Finland has formally adopted a regulatory impact assessment strategy that contains instructions to be carried out when drafting legislative proposals, complemented by separate instructions issued by ministries. Assessments involve the use of multiple indicator sets, various interests are consulted and different techniques used. Generally speaking, aspects of sustainability form an integral part of the assessment process. Variations between forecasts and actual outcomes are monitored over time.

Consultation with experts and stakeholders is a natural phase in the Finnish law-making process. In addition, the public is invited to comment on draft proposals online. Furthermore, all proposals for changing statutes must be accompanied by an assessment of their impact across several aspects of society (e.g., the economy and environment). However, the OECD has pointed out that although ex-post evaluations are frequently carried out, Finland lacks a systematic strategy for the ex-post evaluation of regulations.

Citation: "Säädösehdotusten vaikutusten arvionti", Oikeusministeriö, http://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/76082/saadosehdotusten_vaikutusten_arviointi_ohj eet.pdf?sequence=1&isAllowed=y

OECD: "Better Regulation in Europe: Finland". http://www.oecd.org/gov/regulatory-policy/45054846.htm.

Sustainability Check Score: 9

Quality of Ex Post Evaluation Score: 9 OECD (2018), OECD Regulatory Policy Outlook 2018, OECD Publishing, Paris, https://doi.org/10.1787/9789264303072-en.

Opinion service webpage: lausuntopalvelu.fi

Governments Registry for Projects and Initiatives (http://valtioneuvosto.fi/hankkeet).

Societal Consultation

Public Consultation Score: 8 In Finland's consensus-oriented political system, interest organizations and associations are regularly consulted. Although the corporatist system adopted in the 1960s has now declined, the exchange of views and information with a variety of social interests is still part and parcel of the everyday activities of the Finnish government. Through various mechanisms such as committee hearings, joint-council memberships and expert testimony, bills and drafts are circulated to interested parties who are then invited to critique the draft legislation. Various laws and guidelines, such as the Act on the Openness of Government Activities, contain provisions on consultation and participation. By and large, the system functions reasonably well. Admittedly, consultation tends to favor organized groups and neglects outside participation. It is also the case that consultation is carried out mainly to build consensus rather than to gather support or assess impact. However, in the long run, this helps to generate public support for government policies. Still, recent developments indicate a weakening in the role played by the tripartite negotiation of labormarket agreements between the government, employers' associations and employee organizations.

Policy Communication

Since the prime minister's position 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 a tradition of broad-based umbrella coalitions that accommodate diverse interests and ideological shadings serves to diversify communication. This has been true of communications from the Sipilä government, which have been notably vague and often undecided, reflecting tensions or even conflicts between the Finns Party and the other government parties. A conflict within the Finns Party in June 2017 almost led to dissolution of the government and new elections. The conflict was solved by the Finns Party parliamentary group splitting up into a radical group and a

Coherent Communication Score: 8 more moderate group (Blue Reform), the latter of which contained all of the party's ministers and remained in the government coalition. In addition, the National Coalition Party internally divided over the health and social care reform (SOTE), with the reform – having been postponed several times – only coming into force in January 2021.

The existence of an agreed-upon and fairly detailed government plan in principle serves to streamline communications; however, the present Sipilä government has demonstrated that different interpretations of the plan can certainly arise.

Implementation

Government Effectiveness Score: 8 Given that Finland has lately been governed by broad or fairly broad coalition governments, the constitutional and political conditions for a satisfactory implementation of government plans have been good. A February 2013 session reviewing the implementation record under former Prime Minister Katainen (2011 - 2014) concluded that approximately 80% of the measures outlined in the government program had at that point been undertaken successfully. However, according to the review, the largest and most difficult program issues remained unsolved. Following a cabinet reshuffle, the government program under Prime Minster Stubb (2014 – 2015) was submitted to parliament in June 2014 and was fairly well received. The present Sipilä government announced its program at the end of May 2015; in comparison with earlier programs, which resembled a telephone directory in size, the Sipilä program is much shorter and more strategic and focused. The program announced five strategic priorities that are manifested in 26 key projects, the primary goal being to bring the Finnish economy onto a path of sustainable growth. An action plan for implementation was published in February 2016, with updated versions published in 2017 and 2018, and a Legislation Assessment Council was appointed in April 2016. Follow-up estimations are now web-published at regular intervals. As evident from these assessments, the government's likelihood of success in implementing its objectives remains a somewhat open question. The government has already been forced to back away from several of its proposals.

Citation:

Ville Pitkänen, "Kenen ääni kuuluu hallitusohjelmassa?", Kanava, 2015, Nr 6, pp. 40-42; valtioneuvosto.fi/implementation-of-the-government-programme; valtioneuvosto.fi/hallitusohjelman toteutus/karkihankkeiden-toimintasuunnitelma.; "Finland, a land of solutions: Government action plan 2018-2019.", http://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/160985/29_18_Finland_a_land_of_Solutions_2018 -2019_EN.pdf?sequence=1&isAllowed=y Ministerial

Score: 8

Compliance

A number of mechanisms are in place that serve to bind ministers to the government's program. Government programs result from negotiations between the political parties forming the government; in consequence, the coalition partners and ministries closely monitor implementation. Cabinet agenda issues are generally prepared, discussed and coordinated in cabinet committees as well as in informal groups and meetings. On the whole, ministers are closely watched, and are expected to be integral parts of cooperative units. They would no doubt find it difficult as well as unrewarding to pursue narrow self-interests. Nevertheless, attempts by individual cabinet members to raise their profiles have been discernible under the current Sipilä government, particularly within the Finns Party. The Finns Party left the government in June 2017, although its former cabinet members remained part of the Sipilä cabinet, forming a new party, Blue Reform.

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 as well as other formal and informal meetings. In general, the various forms of interministerial coordination also fulfill monitoring functions. However, these forms are characterized by cooperative and consultative interactions rather than critical interactions. While the Prime Minister's Office does monitor ministries, the monitoring is implicit rather than explicit.

All ministries use results-management practices to monitor agencies in their various task areas. In many cases, a balanced score system is used. However, not all agencies are monitored to the same extent. Some agencies, such as the National Funding Agency for Technology and Innovation (Tekes), which operates under the Ministry of Economic Affairs and Employment have a high degree of autonomy, with monitoring taking place only on a general level. Other agencies are accorded a somewhat lesser degree of autonomy. However, as a rule, they do 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 support the individual ministers in their monitoring activities.

Municipal governments have a right to assess taxes, collecting more than twice as much as the central government in income taxes. A government grant system additionally enables local governments to continue to provide public services even when experiencing 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 intended to cover all citizens. However, local governments are tasked with providing these services, which means that some municipalities are unable to meet the standards without increasing taxes. Given that local government units differ

Monitoring Ministries Score: 8

Monitoring Agencies, Bureaucracies Score: 8

Task Funding Score: 8 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 and yet unfinished, has led to a considerable reduction in the number of municipalities. Among other goals, the reform aims to secure sufficient financing and an efficient provision of services across the country. The government has also introduced a further and much contested reform project (SOTE) to create larger entities tasked with providing social and health services in a more efficient way. However, according to assessments, the final compromise solution of 18 social services and health care entities is less satisfactory in terms of efficient funding and democratic organization than was an original proposal for a maximum of nine to 12 SOTE regions. The SOTE reform is expected to come into force in 2021.

Citation:

Government press release on "Government decision on next steps in reform package on health care, social welfare and autonomous regions", http://vm.fi/en/article/-/asset_publisher/10616/hallitus-paatti-sote-uudistuksen-jatkosta-ja-itsehallintoalueista http://alueuudistus.fi/en/frontpage

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 infrastructural services. Municipalities may not be burdened with new functions or with 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 state right to intervene. Control may be exercised only in accordance with specific legal provisions. Thus, subnational autonomy is guaranteed and protected by law. Still, the autonomy of local government may be curtailed in practice by financial pressures. The SOTE reform, which creates autonomous regions for the organization of social welfare and health care, appears set to enter into force in January 2021. It is possible that this reform will lead to greater complexity in terms of financing structures, accountability and responsibilities.

Since local authorities have the constitutional right to use their own discretion, the central government has limited capacity to ensure that national standards are consistently met. Local governments are separate from the central government, with municipal authorities recognized as existing independently of the state. Still, appeals to administrative courts regarding 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 reform of municipalities and services now ongoing for years aims to increase the effectiveness of

Constitutional Discretion Score: 9

National Standards Score: 7 Effective Regulatory Enforcement Score: 9

Domestic Adaptability Score: 9 public-services provision in peripheral regions and improve local governments' fiscal sustainability. The extent to which these reforms can meet the stated goals remains an open and much-debated question

In general, powerful vested interests are not favored in Finland. To a certain extent, this can be explained by the fact that Finnish governments tend to be coalition governments, often made up of parties from both the left and right.

Adaptablility

Most important adaptations have resulted from Finland's EU membership. Finland was among the first EU member states to adopt the euro and government structures have in several instances been adapted to EU norms. The Parliamentary Grand Committee is tasked with preparing and adopting EU legislation. Furthermore, oversight of the EU secretariat, responsible for the coordination of EU affairs, has been transferred from the Ministry for Foreign Affairs to the Prime Minister's Office. A coordination system exists to ensure that Finland maintains positions in line with its overall EU policy. This system involves relevant ministries, a cabinet committee on EU affairs and various EU subcommittees. These subcommittees are sector-specific governmental organs and constitute the foundation for the promotion of EU affairs within the state's structures. Finland is a member of the MOTAN donor network, which evaluates the work of international organizations and their organizational effectiveness. The National Climate Change Adaptation Plan 2022 was adopted in 2014, introducing measures to mitigate the adverse consequences of climate change. The implementation of the plan is coordinated by a national monitoring group. The National Climate Change Act, which lays down provisions on the planning system for climate change policy and monitoring of the implementation of climate objectives, has been in force since June 2015. A medium-term climate change policy plan under the act was adopted by the parliament in March 2018.

Citation:

Ministry of the Environment, "National climate change policy", http://www.ym.fi/en-US/The_environment/Climate_and_air/Mitigation_of_climate_change/National_climate_policy

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 several global frameworks. Finland is committed to the United Nations Framework Convention on Climate Change, Kyoto Protocol and EU legislation in its climate policy. The Ministry of the Environment is responsible for coordinating climate negotiations, and specifically, within the framework of the European Union, Finland is committed to bringing down its national

International Coordination Score: 8 annual average carbon emissions. In 2017, Finland assumed the two-year chair of the Arctic Council, announcing her commitment to promote prosperity, development and environmental sustainability in the Arctic region. In 2016, Finland held the presidency of the Nordic Council of Ministers and the presidency of the Nordic Council in 2017. These and other commitments notwithstanding, Finland cannot be regarded a dominant actor protecting global public goals. Given its relatively high level of knowledge, research capacities, and the existence of frameworks for policy coordination and monitoring, Finland does have the institutional capacities to participate in global governance. However, the capacities are not utilized to their fullest extent.

Citation:

www.motiva.fi/en/energy_in_finland/national_climate_and_energy_strategy http://valtioneuvosto.fi/documents/10184/1427398/Ratkaisujen+Suomi_EN_YHDISTETTY_netti.pdf/8d2e 1a66-e24a-4073-8303-ee3127fbfcac

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. Earlier 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 that introduced new measures for monitoring the government plan was implemented several years ago. This monitoring system has been adopted as well as improved by subsequent governments. The Stubb cabinet (2014 – 2015) made monitoring data publicly available. The same policy has been followed by the Sipilä cabinet. It is now customary to report online the developments toward realizing the 26 main goals and five main reforms listed in the government plan. Reports are updated monthly. The Secretariat for Government Strategy Work assists the government and ministries in implementing and monitoring the key projects and reforms.

Citation:

http://valtioneuvosto.fi/en/implementation-of-the-government-programme/information;

"Government Programme Monitoring Data", https://www.avoindata.fi/data/fi/dataset/hallitusohjelman-seurantadata;

Toimintasuunnitelma strategisen hallitusohjelman kärkihankkeiden ja reformien toimeenpanemiseksi 2015-2019. Päivitys 2016. Hallituksen julkaisusarja 2/2016.

Institutional Reform Score: 7 While institutional arrangements have not changed much, the Sipilä government has continuously considered plans to promote and implement strategic aims within government and to reduce costs. These plans have

Valtioneuvoston kanslia, "Jyrki Kataisen ja Alexander Stubbin hallitusohjelmien loppuseuranta 2015", http://valtioneuvosto.fi/documents/10184/321857/Hallitusohjelmien+loppuseuranta+032015.pdf/44d7de02-958c-4b1c-8633-201038a0f2f5;

included merging ministries and reallocating ministerial responsibilities, but the outcome of these efforts have been less than successful. Plans some years ago to merge the Ministry of Environment and the Ministry of Agriculture and Forestry were heavily opposed and later developments largely justified the criticism. Among other reallocation efforts, a merger of the Ministries of Justice and Employment failed to the extent that it became necessary to cancel the merger. Several factors, including the fairly high degree of independence accorded to Finnish ministries and broad nature of recent cabinets, tend to undermine policy coordination across government bodies, highlighting the need for reforms that improve coordination. The Sipilä government's strategic goals are discussed regularly in Iltakoulu (evening sessions), an informal meeting between ministry staffers and heads of the parliamentary groups. The sessions serve as a venue for in-depth consultation and consensus-building.

II. Executive Accountability

Citizens' Participatory Competence

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 still high in Finland. A weak spot, however, is the public's evaluative and participatory competencies. Survey results are somewhat equivocal. On the one hand, surveys examining the extent to which citizens are informed of government policymaking indicate that public interest in politics has increased and that young people tend to be more interested in politics today than in the early 2000s. Trust in political institutions has somewhat increased, and the social media have had a marked impact on younger citizens' rates of participation in politics. On the other hand, there is also evidence suggesting that the level of political knowledge among the younger people, particularly those with a low level of education, is rather low. The degree of interest and participation probably varies significantly across policy issues. Whereas some issues are widely debated in the media and attract general attention, other less media-friendly or stimulating issues pass largely unnoticed.

Citation:

Elo, Kimmo ja Rapeli, Lauri. 2008. "Suomalaisten politiikkatietämys". Helsinki: Oikeusministeriön julkaisuja 2008:6

Political Knowledge Score: 9 Open

Government

Score: 10

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

Statistics Finland, the Natural Resources Institute Finland, the National Institute for Health and Welfare, and Finnish Customs. Each authority is mandated to collect data. In addition, there are a number of other authorities that produce official statistical materials. Statistical figures are published by Official Statistics of Finland, which publishes nearly 300 statistical datasets covering 26 different topics. The basic data of the Official Statistics of Finland is publicly available on the internet, free of charge.

Citation:

 Tilastokeskus,
 "Katsaus kansalliseen tilastotoimeen
 2015",

 https://www.stat.fi/static/media/uploads/org/tilastotoimi/katsaus_tilastotoimeen_2015.pdf
 National Statistical Service, https://www.stat.fi/org/tilastotoimi/index_en.html

Legislative Actors' Resources

Parliamentary Resources Score: 9 Parliamentarians' resources for obtaining information were greatly improved in the 1990s through the creation of a parliamentary assistant system. Currently, some 130 assistants work in a parliament of 200 sitting legislators. However, critics have recently argued that this system has become too comprehensive and expensive. The assistants perform a variety of tasks, some of which relate closely to the procurement of information and general expertise. Members of parliament are also assisted by the Parliamentary Office, whose task it is to establish the necessary conditions for the parliament to carry out its duties. Employing a staff of about 440, the office is also responsible for providing personal assistants. Furthermore, members of parliament are assisted by the Information and Communication Department, which includes the Library of Parliament, Research Service, and Parliament Information Office. The Library of Parliament has about 40 employees and maintains three service entities: collection services, reference and archival services, and information services. A Committee Secretariat provides secretarial services for the parliamentary committees and handles the preparation of matters brought before the committees. Additionally, the Research Service supplies information, documents, publications, and other materials that are required by members of parliament and other actors involved in parliamentary work. As legislators each serve on an average of two parliamentary committees, they also benefit from the information and knowledge provided by the various experts regularly consulted in committee hearings.

Citation:

http://lib.eduskunta.fi/Resource.phx/library/organization/people.htx https://www.eduskunta.fi/FI/tietoaeduskunnasta/Organisaatio/eduskunta-tyonantajana/Sivut/default.aspx https://www.eduskunta.fi/FI/tietoaeduskunnasta/kirjasto/tietoakirjastosta/tekijat/Sivut/default.aspx

Obtaining Reports drafted by committees provide the basis for legislative decisions. Documents Committees prepare government bills, legislative initiatives, government Score: 10 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 Committees are able to summon ministers to hearings and do so regularly. Ministers Committee meetings usually begin with a presentation by a ministry Score: 10 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: https://www.eduskunta.fi/EN/lakiensaataminen/valiokunnat/Pages/default.aspx

Parliamentary committees are able to summon experts for committee meetings, which they do so regularly and increasingly frequently. A committee starts its work with a recommendation by the committee's own experts on which additional experts to call. This may include ministerial representatives or other individuals who have either assisted in preparatory work or represent specific agencies, organizations, or other interested parties. 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 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.

https://www.eduskunta.fi/EN/lakiensaataminen/valiokunnat/Pages/default.aspx 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.

A total of 15 permanent special parliamentary committees along with the Grand Committee (which focuses mainly on EU issues) 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 parliamentary committees' alignment with ministry responsibilities. These reforms have been highly successful and committees are now thematically bound within the scope of a corresponding ministry. The Grand Committee is in practice a committee for the handling of EU-related matters. In May 2017, an earlier merger of two ministerial chairs (work and livelihood

Task Area Congruence Score: 10

Summoning

Experts

Score: 10

as well as justice) was found to be less functional and was dissolved. To cope with the workload, each government party added one minister, enlarging the cabinet from 14 to 17 ministers.

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. Although declining, daily newspaper circulation numbers remain reasonably high, with most newspapers often providing high-quality political reporting.

Lauri Karvonen, Heikki Paloheimo and Tapio Raunio, Evolution of Political Power in Finland, pp. 335-344 in Lauri Karvonen, Heikki Paloheimo and Tapio Raunio, eds. The Changing Balance of Political Power in Finland, Stockholm: Santérus Förlag, 2016.

Parties and Interest Associations

At the time of writing, three major parties hold seats in the Finnish parliament (Eduskunta). Although empirical research on intra-party democracy has so far mainly dealt with the Center Party (Kesk), there is little doubt that the findings of this research can be assumed to apply to the other 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, subnational organizational units, national policy functions are decided by career politicians who constitute the party elite. This dualism places power in the hands of party elites, and most particularly the party chairs. 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 participates in party meetings only indirectly by helping to elect delegates.

Karina Jutila, "Yksillä säännöillä, kaksilla korteilla", Dissertation, University of Tampere, 2003; Rauli Mickelsson, "Suomen puolueet. Historia, muutos ja nykypäivä", Tampere: Vastapaino, 2007; Vesa J. Koskimaa, Intra-Party Power: The Ascendancy of Parties' Public "Face", in Lauri Karvonen, Heikki Paloheimo and Tapio Raunio, eds. The Changing Balance of Political Power in Finland, Stockholm: Santérus Förlag.

Intra-party Decision-Making Score: 8 Association Competence (Employers & Unions) 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 slightly eroded, it created a framework for advancing responsible, considered and expert-based policy proposals on the part of the Other large economic-interest associations. mechanisms. including associations' participation as members and experts in the committee system, have worked in the same direction. This corporatist structure is regularly criticized. Although not uncontroversial, this consensus style of policymaking has led to reasonable policies with fairly broad support.

Citation:

Voitto Helander and Dag Anckar, Consultation and Political Culture. Essays on the Case of Finland, Commentationes Scientiarum Socialium, nr 19, 1983, Helsinki: The Finnish Society of Sciences and Letters.

Association Competence (Others) Score: 8

Audit Office

Score: 10

Most associations' policy-relevant positions are based on expert knowledge and feasibility analyses. In this sense, associations clearly contribute to the general quality of decision-making. True, exaggeration and one-sided arguments are in the very nature of interest organizations and the ensuing negotiation process, but the prevailing style of policymaking grants access to various and often competing interests. The contribution of interest associations' expert knowledge is therefore on the whole a valuable asset that enhances the quality of policymaking. Interest associations also have a high profile in public discourse, and often help shape public opinion. The fact remains, however, that the function of interest associations is to promote certain interests at the potential expense of others.

Independent Supervisory Bodies

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 tasks performed by the parliamentary state auditors with the related functions of the administrative and audit section of the Finance Committee. The office of the parliamentary state auditors has also been replaced by the National Audit Office of Finland, 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 review compliance with the state budget. Specifically, the office is expected to promote the exercise of parliament's budgetary power and the effectiveness of the body's administration. It also oversees election and party funding. The Score: 10

office is directed by the auditor general, who is elected by parliament. With about 140 employees, the office is made up of the Financial and Compliance Audit Department, the Performance and Fiscal Policy Audit Department, the Executive Office, and the Administrative Unit. Covering long-term objectives, operational emphasis and strategic policies, the current audit strategy covers the period 2013 – 2020.

"National Audit Office"; http://www.vtv.fi/en; "The Audit Committee". https://www.eduskunta.fi/EN/lakiensaataminen/valiokunnat/tarkastusvaliokunta/Pages/default.asp

Ombuds Office 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 employs about 60. 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 regarding decisions by public authorities, public officials, and others who perform public duties (examples of authorities include courts of law, state offices, and municipal bodies). The number of complaints decided by the ombuds office in recent years has varied between 4,500 and 5,000 cases. However, in 2017, 6,415 cases were initiated, a 27% increase on 2016. A considerable number of matters have been investigated and resolved on the initiative of the ombudsman himself, who may conduct onsite investigations when needed.

Citation:

https://www.oikeusasiamies.fi/en/web/guest/the-parliamentary-ombudsman-of-finland "The Parliamentary Ombudsman's 2017 Annual Report presented to the Speaker of the Parliament", https://www.oikeusasiamies.fi/en_GB/-/oikeusasiamies-luovutti-kertomuksensa-vuodelta-2017-eduskunnanpuhemiehelle

There are two data protection authorities in Finland: the Data Protection Board and the Data Protection Ombudsman. Affiliated to the Ministry of Justice, the Data Protection Board is the most important decision-making agency concerning personal data issues. The Data Protection Ombudsman supervises the processing of personal data according to the objectives of the Personal Data Act 1999. The ombudsman office has 25 employees. The office can be called for guidance in private matters or to advise organizations.

Citation:

Ministry of Justicy, "The Data Protection Board", https://oikeusministerio.fi/en/the-finnish-data-protectionboard Finlex "Personal Data Act (523/1999)". https://www.finlex.fi/en/laki/kaannokset/1999/en19990523_20000986.pdf The Data Protection Ombudsman, https://tietosuoja.fi/en

Data Protection Authority Score: 10

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