



# Finland, a land of solutions Mid-term review Government Action Plan 2017–2019

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Finland, a land of solutions: Mid-term review Government action plan 2017–2019

#### Abstract

The Government conducted a mid-term review of its objectives and activities, taking into account changes in the operating environment. The Government found that while the overall direction of its strategy and economic policy is correct, additional measures will be needed to achieve the government term objectives.

This is the third update of the action plan of Prime Minister Sipilä's Government. Compared to the earlier action plans, the plan for the remaining government term is more focused and strategically oriented. The ministries will formulate detailed plans of the measures as part of their normal management and operative planning.

The action plan is divided into two sections; the first section sets out the new openings of the mid-term review. The second section provides an overview of the main achievements in the key projects and reforms as well as measures for the remaining government term.

The new openings of the mid-term review are related to four areas: knowledge, growth and employment; caring; renewal; and security. Additional measures and inputs will focus particularly on these areas.

This action plan specifies the main milestones in the implementation of the key projects and reforms. It is a programme for change to which the Government is strongly committed. This document does not cover the full contents of the Government Programme. Instead, it provides an overview of the most essential measures promoting the key projects and reforms that will give momentum to the change needed to achieve the Government's vision.

The Government holds strategic sessions on a regular basis to oversee the implementation of the key projects. A minister responsible for implementation has been designated for each key project and a ministerial working group has been appointed for each strategic priority. Documents that show the progress made by means of the action plan are available on the Government website at: <a href="http://valtioneuvosto.fi/hallitusohjelman-toteutus">http://valtioneuvosto.fi/hallitusohjelman-toteutus</a>.

#### Keywords

Government priority, Government strategy process, key project, action plan, programme for change

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#### Introduction

Government programme implementation is going ahead as planned – New investments in growth and employment agreed on in the mid-term review

The Strategic Government Programme of Prime Minister Juha Sipilä defines Finland's vision for the future as follows: 'In 2025, Finland is an inventive, caring and safe country where we all can feel important. Our society is based on trust.' The Government's objective is to bring the Finnish economy to a path of sustainable growth and rising employment, and to secure the funding of public services and social security. The Government holds firm to its objective of achieving a long-term balance of public finances and seeks to bridge the EUR 10 billion sustainability gap. This gap will be covered through savings of EUR 4 billion and reforms that will boost public finances by EUR 4 billion. The remaining EUR 2 billion will be covered through measures that promote employment and growth.

In its Government Programme, the Government selected **five strategic priorities**, which find their concrete expression in **26 key projects**. The Government will also overhaul the pension system, implement the health, social services and regional government reform, cut public sector costs and reform the central government. The Government continues to implement its key projects and reforms.

The Government conducted a mid-term review of its objectives and activities, taking into account changes in the operating environment. The Government found that while the overall direction of its strategy and economic policy is correct, additional measures will be needed to achieve the government term objectives.

In its Report on the Future, the Government examines the reconfiguration of work and future in 2017. One of the key factors driving the change is the technological transformation, in which digitality, artificial intelligence and automation play a key role. These issues are relevant to not only enhancing the prerequisites for economic growth but also security.

The new openings of the mid-term review concern four areas:

- Knowledge, growth and employment
- Caring
- Renewal
- Security

Additional measures and inputs have been allocated to these four areas in particular.

**Competence-based growth** is a priority for the Government. Additional resources will be allocated to education, leading edge research and innovation. Finland is finally seeing signs of accelerating **economic growth**. At the same time, the **employment rate** has improved. However, our public finances are not on a sustainable basis yet. The Government wishes to lay a firmer foundation for the emerging economic growth and secure and accelerate the positive step seen in the employment rate.

**Caring** is a key value of a welfare society. While we are pursuing growth and renewal, it is important to ensure that everyone can be included in our society. A particular effort will be made to prevent the exclusion of young people.

No society can survive without **renewal**, and long-term economic growth relies on growth in productivity. Digitalisation is a key challenge for Finland's renewal. Successful digitalisation will increase public sector productivity, reducing pressures to cut services. Digitalisation will also create new potential for business.

Finland's **security environment** has become less stable, and military activity and tensions in the Baltic Sea region have increased in recent years. As the threats and nature of war have diversified, Finland employs a large selection of means in responding to disruptions during normal times as well as in emergencies. Higher requirements are set for internal and external security. A number of new measures are required to respond to crises of a long duration, international tensions, activation of terrorist and extremist movements, military crises that actuate on a shorter notice, the lower threshold for use of force, societal change and technological advancement. Security is the cornerstone of a well-functioning society. The Government wishes to ensure that Finland will continue to be one of the safest countries in the world.

#### The mid-term review is an essential milestone of the Government's strategy process

This is the third updated action plan of Prime Minister Sipilä's Government. Compared to the previous action plans, the third plan has a more strategic approach. The ministries will see to the more detailed planning of projects and measures as part of their operative planning.

The action plan is divided into two sections; the first section sets out the new openings of the midterm review. The second section provides an overview of the most important achievements of the key projects and reforms as well as measures for the remaining government term.

This action plan specifies the main milestones in the implementation of the key projects and reforms. It is a strategic **programme for change**, and the Government is strongly committed. This document does not cover the full contents of the Government Programme. Instead, it provides an overview of the most essential measures promoting the key projects and reforms that will give momentum to the change needed to achieve the Government's vision.

In autumn 2015, the Government decided to allocate a one-off appropriation of EUR 1 billion to the key projects in 2016–2018. The Government action plan will be implemented within the framework of this funding, the existing authorised spending limits and the other provisions of the General Government Fiscal Plan. Key project funding allocated to the strategic priorities is shown under the priorities. The key projects may also draw on other funding.

The Government holds **strategic sessions** on a regular basis to oversee the implementation of the key projects. A minister responsible for implementation has been designated for each key project, and a ministerial working group has been appointed for each strategic priority. Documents that show the progress made by implementing the action plan are available online on the Government website at vn.fi.

#### **New openings**

#### Knowledge, growth and employment

#### Employment package measures will take effect directly or over the longer term

A set of concrete new proposals was prepared for the Government's mid-term review whose impacts on employment will already be realised during the current government term. The broadranging employment package also contains measures that will take effect over the longer term. Key measures of the employment package include managing positive structural change, activating the unemployed, improving the conditions for entrepreneurship (incl. making it easier to recruit the first employee), measures aiming to improve knowledge and skills, reforms related to regional growth services as well as innovative experiments that support employability.

Ministers in charge: Jari Lindström and Mika Lintilä

#### Entrepreneurship package update

The entrepreneurship package contains government measures that encourage entrepreneurship and remove barriers to it. In particular, the package addresses new forms of entrepreneurship and work, including the sharing economy, the platform economy, self-employment and combinations of entrepreneurship and paid employment.

The entrepreneurship package update includes changes to self-employed persons' unemployment security. The rapporteurs (Hellsten, Löfgren) will start drafting proposals on unemployed persons' possibilities of pursuing enterprising activities for four months while receiving an unemployment benefit. The objective is to make a funding decision in the government budget session. The Ministry of Social Affairs and Health will start preparing the introduction of combination unemployment insurance. In addition, a service package for entrepreneurs who wish to become employers will be prepared, changes of business ownership will be promoted, the personal liability period of self-employed persons' sickness allowance will be shortened, and customer-centred development of permit and notification procedures in enterprising will be continued.

Ministers in charge: Mika Lintilä and Jari Lindström

#### Momentum to companies' exports through the Business Finland reform

Tekes (*Tekes* – the Finnish Funding Agency for Innovation) and Finpro (Finpro helps Finnish SMEs go international, encourages foreign direct investment in Finland and promotes tourism) will merge to form a new actor, whose working title is Business Finland. Business Finland will gather all services related to innovation funding, exports, investments and promotion of tourism under one roof. The reform will make it possible to target more resources to customer service both in Finland and abroad. The objective is that Business Finland will start operating at the beginning of 2018.

The reform will improve the services offered to companies aiming for growth and internationalisation and enhance the innovation system's internationalisation. In the future, the whole life cycle of business growth and internationalisation can be addressed better. The integrated service path will continue from product, service and business model development all the way to placing innovations in the market. Abroad, cooperation with the Ministry for Foreign

Affairs will be intensified, and the heads of the foreign missions as Team Finland 'country managers' will also assume more extensive overall responsibility for the exports and internationalisation of companies.

To promote the internationalisation of the higher education and research system, a *Team Finland Knowledge* network will be established to represent Finnish higher education and research in selected countries.

Ministers in charge: Mika Lintilä and Kai Mykkänen

#### Fast growth and employment through Tourism 4.0 project

As a fast-growing sector, tourism is highly important for economic growth and employment. Tourism is an extremely labour-intensive sector that generates revenue in all parts of Finland. Tourism also has significant multiplier effects on other sectors.

The outlook for Finnish tourism is exceptionally positive in the years to come, but the recent international hype will not turn into demand without rapid, correctly targeted and customer-oriented measures. *Tourism 4.0* includes an increase in Visit Finland appropriations and measures aiming to enhance the digital competence of tourism businesses and to promote year-round tourism. The conditions for nature tourism will also be improved. In addition, an action plan on resolving the labour market mismatch in tourism will be prepared. Background reports for the measures will be prepared in 2017, and their implementation will begin in 2018.

Ministers in charge: Mika Lintilä, Kimmo Tiilikainen, Jari Leppä, Jari Lindström and Sampo Terho

#### Boosting the circular economy and introducing innovative public procurements

As stated in the Government Programme, Finland strives to be a pioneer in the bioeconomy, a circular economy and cleantech. These sectors have not grown as expected, however, and the new experiments supported through key project funding have so far not been scaled into export products. Strategic leadership, risk management and competence related to innovative and sustainable public procurements that provide market access must be improved. Sustainable public procurement and advisory services related to procurement would also promote the achievement of the Government's low-carbon economy targets.

In order to give momentum to the circular economy, the Government will support business ecosystem development and growth, circular economy innovations and export promotion as part of the support package for innovation. In order to encourage innovative procurement, a network-based centre of excellence will be set up in spring 2018, and a *Green deal* model will be piloted to promote sustainable procurements.

To promote a circular economy, an action plan based on an earlier circular economy roadmap will be prepared together with Sitra (The Finnish Innovation Fund Sitra).

Ministers in charge: Kimmo Tiilikainen, Mika Lintilä and Jari Leppä

#### Talent Boost action plan seeks growth through international talents

The Government will prepare a joint programme to attract international talents to Finland and use their networks to promote investments and business growth. The programme measures will include targeted country branding, ensuring that the necessary services are in place, and developing business ecosystems, innovation platforms and the labour market so that they welcome international talents and encourage entrepreneurship. The internationalisation policies of higher education and research will be implemented. The use of public administration services in English will be enabled. Employment and growth will be supported by amending the Aliens Act so that special residence permits for start-up entrepreneurs can be granted to growth and innovation companies.

Ministers in charge: Mika Lintilä, Jari Lindström, Sanni Grahn-Laasonen, Kai Mykkänen and Paula Risikko

#### Review of subsidies for economic development

Based on a report produced by public officials, the Government will review business subsidies granted by the state to economic development as a whole. The aim will be to form an overall picture of the impacts of business subsidies and evaluate the need to redirect the subsidies to encourage the modernisation of trade and industry. The results of this evaluation will be available for the government budget session in autumn 2017.

Minister in charge: Mika Lintilä

#### Growth potential through a reform of research and innovation

The Government will invest in top-level research and the impact of research. In RDI activities, a better match between skills and the needs of business life is a key goal. Tekes and the Academy of Finland will be allocated additional funding for new drivers of growth based on PPPs (Tekes) and the flagships of cutting-edge research (Academy of Finland). The Government will also generate more resources for additional inputs in knowledge and education by recapitalising the Academy of Finland and Tekes. Additionally, vocational education and training will be developed and improved by means of recapitalisation.

Ministers in charge: Mika Lintilä and Sanni Grahn-Laasonen

#### A boost for the creative economy

The creative sectors offer significant growth potential. They are already an important part of the national economy and a major creator of jobs. Intellectual capital is a new factor of production, and creative work generates export products with a high added value. In order to improve the operating conditions of the creative sectors, to encourage cooperation and networking, and to enhance the competitiveness of other sectors, the Government will include the creative sectors in the entrepreneurship and employment packages and the associated support forms for growth and internationalisation, putting into practice the proposals of the working group on 'Creative economy and intangible values'.

The Government will urge the Tax Administration to clarify the criteria on which income from copyrights could be regarded as business income. In that case, the expenses incurred in acquiring the income could be deducted. Taxation practices related to copyright transfers and valuation would be harmonised, and copyrights and any income generated from them could be transferred to a company.

Pension security within the pension schemes for farmers and self-employment persons of artists with no employment relationship will be clarified to avoid overlaps.

Ministers in charge: Sampo Terho, Mika Lintilä and Pirkko Mattila

#### Reform to increase the attraction of general upper secondary education

The Government will launch a reform of general upper secondary education. The objective is to increase the attraction of general upper secondary education as a provider of general knowledge and skills as well as eligibility for further studies in higher education, to improve education quality and learning outcomes, and to facilitate the transition from secondary to higher education. More individual and flexible study pathways, the guidance and support required by them, studies that cross subject boundaries and cooperation with higher education institutions are key means for achieving this goal. The working group proposal on reforming the matriculation examination will be taken into consideration in these efforts. A government proposal on reforming the Act on Upper Secondary Education will be drafted and submitted to the Parliament in spring 2018.

Minister in charge: Sanni Grahn-Laasonen

#### Artificial intelligence programme

The purpose of the programme is that Finland will be one of the world's leading countries able to apply artificial intelligence faster than its competitors. The core objective of the artificial intelligence and robotics programme is to highlight artificial intelligence and robotics as a success factor for Finnish companies. The programme will identify the changes needed in such areas as legislation, the education system, public funding, the ways of doing work and cooperation structures to ensure that the operating environment will optimally support the use of artificial intelligence and robotics.

Minister in charge: Mika Lintilä

#### National action plan for sustainable urban development

A national action plan for sustainable urban development will be launched to promote integrating urban development. The main emphasis of the action plan will be on environmentally and socially sustainable solutions and strengthening industrial activity relying on them. This five-year programme will be implemented relying on the existing resources.

Minister in charge: Kimmo Tiilikainen

#### Non-EU/ETA labour force

The increase in non-EU/ETA labour force will be accelerated by amending the Aliens Act. The government proposal will be completed in September 2017.

Minister in charge: Paula Risikko

#### **Caring**

#### Reducing the number of excluded young people (NEETs)

The system that supports children's and young people's wellbeing, studying and employment has become highly complex. It fails to provide children and young people with an adequate incentive to find their personal strengths, and negotiating the system is not easy. The inadequate coordination of services, incentives and support measures and lack of cooperation undermine the impact of the measures. The Government will implement 19 measures to promote the wellbeing of children and young people, prevent exclusion and reduce the number of NEET youths (Not in Education, Employment or Training).

Ministers in charge: Sanni Grahn-Laasonen, Jari Lindström, Juha Rehula, Pirkko Mattila and Sampo Terho

#### Children, youth and families

Several key project measures seek to improve the wellbeing of children, young people and families and to curb inequities. The key projects also sketch the future of services and support for children, young people and families in the light of the new situation when the counties start operating in 2019.

An overview of the key projects will secure their joint impact on the wellbeing of children, young people and families and on reducing inequalities in the context of preparing the new regional government system. The aims of the overview also include modernising established practices and promoting dialogue between different actors.

The overview will investigate the interfaces between local and regional service providers and services in the new operating environment. In particular, the problems of network management will be examined and solved. The current status of and needs to develop information management related to multiprofessional cooperation between services for children, young people and families will be examined. The personnel structure of early childhood education and care will be developed. The objective is to improve the quality and pedagogy of early childhood education and care, to upskill the personnel and to increase multiprofessional support offered for children and families.

In order to achieve the objective of preventing inequality and social exclusion, the overview will focus on enhancing the joint impact of the key project on children and families and the NEET measures of the key project on the youth guarantee.

Reports will be produced before the end of 2017. The development measures to be devised on the basis of these reports will be launched in the first quarter of 2018 and completed by the end of the same year.

Ministers in charge: Sanni Grahn-Laasonen and Juha Rehula

#### A basic income experiment to combat incentive traps

The aim of the basic income experiment is to determine whether the basic income could be used to reform the social security system so as to reduce incentive traps related to accepting work. A specific act enabled the implementation of the basic income experiment in 2017–2018. The current basic income experiment will be monitored. Its results and additional information about its impacts on beneficiaries' behaviour will be available in autumn 2017 at the earliest. After this, decisions on the potential second phase of the experiment will be made. In parallel with the ongoing experiment, a separate report on taxation will be produced by December 2018.

Minister in charge: Pirkko Mattila

#### **Experiment on inclusive social security**

A new service scheme of inclusive social security will be created for social work with adults, in which social workers will be given more tools for supporting those who have been unemployed for long periods. In this experiment, rehabilitative social work that supports employment will be integrated with social rehabilitation supporting inclusion. The purpose of the trial is to see how employment services for the long-term unemployed integrated with social work and social work methods that support inclusion, including empowerment, community work and mobile social work services, can improve the work ability and functional capacity, inclusion and employment of jobseekers who are difficult to employ.

The experiment also seeks to establish if the new service model reduces the use of last-resort benefits. The purpose of the experiment is to produce information that supports the reform of legislation on rehabilitative work activities. The results of the experiment will help to clarify what the participation income described in the report on inclusive social security (Government's analysis, assessment and research activities 17/2018) associated with social work could be and what type of legislative amendments and other changes are needed to introduce participation income as part of the inclusive social security service package.

The planning of the experiment was launched in spring 2017, and the social workers selected to participate in it will receive training in autumn 2017. Work with customers will begin in early 2018. The experiment will continue until the end of 2018, and its results will be examined and analysed in spring 2019.

Minister in charge: Pirkko Mattila

#### **Curbing the mounting inequities**

As economic growth accelerates, it is vital to look after the wellbeing and coping of all citizens in Finnish society. At the beginning of 2017, the Prime Minister appointed a working group led by Professor Juho Saari to propose concrete measures for curbing the mounting inequities. The

working group will focus on such aspects as reforming the income transfer system, national health, housing subsidies, excessive indebtedness, job creation measures and the impact of social services. The working group will submit its proposals to the Government in spring 2018.

Minister in charge: Juha Sipilä and the rest of the Government

#### Social security reform

The Government will begin drafting an overhaul of the social security system that will improve employment and activate the beneficiaries while reducing inequality. Such information as the results of the basic income experiment, participation income experiment and other studies to be launched, an extensive round of consultations and reports as well as the possibilities created by the Incomes Register will be taken into consideration in the drafting of this reform.

#### Renewal

#### A billion of savings through public finances reform

The Government Programme set the target of reducing the tasks and obligations of municipalities by EUR 1 billion by 2029. The Government has updated and extended this reform to cover all public finance activities. Further drafting will address the following themes:

- Reducing municipalities' tasks and obligations (estimated potential for savings EUR 370 million)
- An incentive system related to expenditure in local government operational finances (EUR 100 million)
- Public sector facilities programmes (EUR 50 million in central government, EUR 100 million in local government)
- Digitalisation of local and central government (EUR 100 million in local government, EUR 100 million in central government)
- Central government productivity savings (EUR 100 million)
- General productivity savings (EUR 100 million)

The total savings potential of these measures is EUR 1 billion, but significant uncertainties are associated with individual measures.

The Government will keep a close eye on the preparation of the proposed measures. If it turns out that the proposed measures are not feasible, or that the actual savings will be smaller than expected, the Government undertakes to make alternative decisions that will secure the attainment of the EUR 1 billion target. The following estimate will be produced in August 2017.

Minister in charge: Anu Vehviläinen

#### SoteDigi development company to create information systems for customer and patient data

The Government will establish a development company called SoteDigi to develop national healthcare and social welfare information systems for customer and patient data and other digital solutions of the future. The key objective of this company will be to improve the productivity, cost-efficiency and cost-effectiveness of the counties, ensuring that the counties can reach the savings targets set for them. The company's share capital and other equity capital will be a total of EUR 90 million. The State Business Development Company (Vake Oy) will fund it and establish the company.

The company's business plan and structure as well as its ownership arrangements will be adopted by the end of June 2017 in the Ministerial Committee on Economic Policy. The establishment of the company will be prepared by the Ministry of Finance and the Ministry of Social Affairs and Health together with the Prime Minister's Office Ownership Steering Department and Vake Oy as part of the health, social services and regional government reform. The need to corporatise the national information services for healthcare and social welfare developed and provided by the Social Insurance Institution (Kela) into a separate company that will be part of the Kela group will also be examined.

Ministers in charge: Mika Lintilä, Juha Rehula and Anu Vehviläinen

#### Towards a carbon-neutral Finland

In the Government's Energy and Climate Strategy, Finland has committed to phasing out the use of coal for energy, halving the use of imported oil and increasing the proportion of renewable energy to over 50%. These actions allow Finland to meet its Paris Climate Agreement commitments.

The additional funding allocated by the Government will encourage low-emission transport, including electric and gas-powered vehicles, the production of renewable energy, wood construction and experiments that promote the goals of the strategy.

In addition, the transport use of biofuels will be promoted.

Ministers in charge: Anne Berner and Mika Lintilä, Kimmo Tiilikainen

#### A new operating model to drive digitalisation

The Government will introduce a new operating model that encourages the creation of digital ecosystems serving the needs of management and customers. In this model, public services are provided in cross-sectoral cooperation based on people's life events and companies' business events. Such ecosystems will be created in a cooperation forum for public and private actors. The forum will prepare proposals for resolving common legislative problems and lobby for them until the relevant decisions can be made. The themes of a two-year digital ecosystem experiment are:

- Access to the labour market through life-long learning
- Using wellbeing data for the benefit of the citizens (including health and social welfare data)
- Data as an enabler of business and research (secondary utilisation of health and social welfare data as an example)

- Mobility as a Service
- A smart city for citizens and companies

The experiment will be launched in June 2017.

Minister in charge: Anu Vehviläinen

#### Strengthening the steering of government digital projects

As stated in the Government Programme, one of the key objectives of the digitalisation of public services is that in the future, the public administration will ask people and businesses for the same information only once. Both legislative steps and process renewal will be needed to achieve this objective.

The coordination and steering system of the Government's digital projects will be upgraded to lend effective support for the inter-administrative and customer-responsive approach required by digitalisation to ensure that the Government Programme objectives can be attained. On 4 April 2017, the Ministerial Committee on Economic Policy adopted policies on better management of investments and ensuring that the expected benefits are realised. The objectives include customer-responsiveness, a inter-administrative approach and higher productivity. Among other things, this package of measures will be needed to put into practice the digital ecosystems mentioned above in practice and to attain the target of saving EUR 1 billion in public finances. Preparative work will start in May 2017, and the measures will be phased in, ensuring that all of them will be introduced during the government term.

Ministers in charge: Anu Vehviläinen and Petteri Orpo

#### Experiments related to the circular economy, artificial intelligence and employment

The Government has set the target at turning Finland into the world's best environment for innovation and experiments by 2025. The creation of an environment for experimenting and innovation will be promoted by the following measures:

Prioritising experiments related to the circular economy, artificial intelligence and employment by allocating support processes and resources previously earmarked for small-scale experiments (supplementary budget proposal 2016) especially to these themes. Legislative barriers to experiments will be removed, drawing on the cross-administrative efforts of the working group on deregulation. A working group led by the Ministry of Justice will be appointed to prepare a specific guide for drawing up experiments.

The digital platform Kokeilunpaikka.fi (Place to Experiment), which was implemented on key project funding for the digitalisation of public services, enables the creation of a strong foundation for societal innovations and experimentation in Finland. The platform was launched in May 2017. A fast-response expert pool will be set up to support experimentation that will provide assistance for identifying and overcoming obstacles to experiments. In addition to the basic income experiment, other randomised field experiments will be launched.

Minister in charge: Anu Vehviläinen

#### Quality and cost-effectiveness in public sector construction

Rapporteur Erkki Virtanen has proposed measures for improving the efficiency of planning and carrying out public sector construction projects. These include the following:

- A maximum limit of central government funding will always be set for building projects cofunded by the government, both in euros and as a percentage.
- The alliance model would mainly be used in demanding building projects pursued by the Government.
- With the assistance of Senate Properties, the alliance life cycle model will be developed strongly, and its use in public building projects will be promoted.
- In particular, indoor air quality problems in public buildings will be addressed.

The Government will assess the appropriateness of the recommendations in 2017.

Ministers in charge: Anu Vehviläinen and Anne Berner

#### Security

Our security environment has undergone a rapid change. In addition to traditional threats affecting our security, new threats are emerging, and will continue to emerge, more and more rapidly. Social exclusion, for example, is a growing security threat.

The use or threat of military force against Finland cannot be excluded. The preconditions for responding to our changing security environment include capabilities for anticipation and analysis, both in individual ministries and inter-administratively, a shared situation awareness, legislative projects aiming to review the actors' powers, and boosting the security authorities' capabilities through increased appropriations. These measures will improve the society's crisis resilience, prevent threats and, where necessary, provide a credible response to them. At the same time, the development of the Finnish Defence Forces' capabilities will be ensured.

The Government recognises the change in the security environment. It requires both legislative measures associated with the authorities' powers, continuous development of the security authorities' capabilities, and higher levels of appropriations. Active cooperation between different stakeholders is a precondition for responding to security threats.

#### **Situation awareness**

#### **Building a shared situation awareness**

As part of building a shared situation awareness, the following measures will be implemented:

- The operating model for producing and processing the Government's shared situation awareness in the context of security will be reinforced. The objective is to produce an established and specific operating model.
- In cooperation with the Government Situation Centre, the Ministry of the Interior, the Ministry of Defence, the other ministries and the Security Committee, the operating model for producing real-time situation awareness will be specified as stated in the legislative proposal on an Act on the Government Situation Centre.
- The capabilities for recognising and analysing hybrid threats will be reinforced.

The preparation of measures aiming to strengthen the shared situation awareness will be coordinated with the government proposal for an act on the Government Situational Centre, and the updated operating model will be in full use in summer 2018. This measure will not require any major additional financial resources; the system requirements, any further measures, costs and the schedule will be examined as the operating models are introduced.

Ministers in charge: Juha Sipilä, Paula Risikko and Jussi Niinistö

#### **Powers**

#### Clarifying the powers required to maintain internal security

The following actions will be completed to address shortcomings related to powers:

- Legislative projects associated with preparedness for *hybrid threats, terrorism, extremist movements and organised crime* in the context of civilian intelligence, the Border Guard's powers and dual nationality among other things will be implemented.
- Legislative projects helping to be prepared for cybercrime and financial crime as well as for the threats of information warfare will be implemented in the context of the security authorities' powers to address cybersecurity and the utilisation of the EU information systems architecture among other things.
- The needs to update the Emergency Powers Act will be assessed from the perspective of different administrative branches.
- Legislative projects aiming to prepare for *illegal entry* will be implemented. The implementation and monitoring of the Government's Action Plan on Asylum Policy and the Action Programme for the Prevention of Illegal Entry and Stay will be continued. An action plan on immigration policy will be formulated.

Ministers in charge: Paula Risikko and Jari Lindström

#### Clarifying the powers required by military national defence

- Preparedness, inter-authority cooperation, territorial surveillance and information gathering
  will be improved through legislation. Amendments to legislation will also make it easier provide
  and receive international assistance and participate in other international activities.
- The most important on-going legislative project concerns military intelligence and, particularly, communications intelligence, systems intelligence and human intelligence. The need to amend legislation on unmanned aerial vehicles and drones will also be investigated. Legislation on executive assistance, the status of persons with dual nationality, and controlling and transferring the ownership of land areas and properties will be amended.

Minister in charge: Jussi Niinistö

#### **Capabilities**

#### Improving capabilities for maintaining internal security

To improve capabilities for maintaining security, the following measures will be implemented:

- Securing the crisis resilience of society and the security authorities' core functions and service level: an action plan to improve the citizens' crisis resilience will be prepared and implemented, a plan for developing personnel competencies will be formulated, the authorities' core tasks and needs for more effective cooperation between the authorities will be identified, police activities will be prioritised, the minimum qualification level of Emergency Response Centre personnel will be specified and ensured, and any needs to develop national executive assistance arrangements will be addressed as required by changes in the operating environment.
- Capabilities for responding to the requirements of the new operating environment will be developed: surveillance on the eastern border and checks of cross-border traffic will be intensified, preparedness plans will be updated, intelligence, hybrid and cybersecurity capabilities will be enhanced, cooperation and executive assistance arrangements with Frontex will be intensified, regional security planning will be defined and implemented (counties and municipalities), inmate radicalisation in prison will be prevented more effectively (Ministry of Justice), and the prerequisites for assisting Finnish citizens abroad will be safeguarded as required under the Consular Services Act (Ministry for Foreign Affairs).
- The capabilities of the National Cyber Security Centre Finland will be enhanced. In a digital
  society, high standards are also expected regarding the digital dimension of security.

  Digitalisation development will be promoted in keeping with the cybersecurity and information
  security strategies. The situation awareness and information security services required by
  information security and reliability in a digital society will be reinforced.

Ministers in charge: Paula Risikko, Timo Soini, Jari Lindström and Anne Berner

#### Improving capabilities for military national defence

Measures necessitated by the changing security environment will be implemented in the following areas among others: improving preparedness, materiel procurement and strategic projects.

Minister in charge: Jussi Niinistö

# FINLAND 2025 built together



## EMPLOYMENT AND COMPETITIVENESS

- Boosting competitiveness by improving conditions for business and entrepreneurship
- Incentive traps that discourage acceptance of work will be removed and structural unemployment reduced
- Company-level bargaining will be promoted and barriers to employment removed
- Reforming labour administration to support employment
- Increased housing production

# KNOWLEDGE AND EDUCATION

- New learning environments and digital materials for comprehensive schools
- Vocational upper secondary education reform
- Accelerated transition to working life
- Improved access to art and culture
- Closer cooperation between higher education institutions and business life to bring innovations to the market
- Shift from the youth guarantee towards a community guarantee

#### BIOECONOMY AND CLEAN SOLUTIONS

- Towards carbon-free, clean and renewable energy in a cost-efficient way
- Wood on the move and new products from forests
- Breakthrough to a circular economy and adoption of clean solutions
- Economically viable food production in Finland, balanced trade and thriving blue bioeconomy
- Nature policy based on trust and fair means

# DIGITALISATION, EXPERIMENTATION, NORMS

- Digitalised public services
- Growth environment for digital business operations
- Streamlined legal provisions
- A culture for experimenting
- Better leadership and implementation

### **REFORMS**

- Health and social services reform
- Reduction of costs in municipalities, regions and across the entire public sector
- Municipality of the future
- Regional government reform
- Central government reform

## HEALTH AND WELLBEING

- Customer-responsive services
- Health and wellbeing will be fostered and inequalities reduced
- Programme to restructure child and family services
- Home care for older people will be developed and better informal care for all age groups
- Career opportunities for people with impaired work capacity

LINCHPIN PROJECTS

#### 1. EMPLOYMENT AND COMPETITIVENESS

In the year In Finland, doing work and providing work are always profitable. Finland is a competitive country in which entrepreneurship, ownership and investment are more profitable than at present.

#### **GOVERNMENT-TERM OBJECTIVES FOR THE PRIORITY AREA**

Safeguarding the funding of welfare services and income transfers has been implemented by reforms that bring better incentives to work, make employment appealing, enhance the operation of labour administration, and create more competitiveness.

The employment rate has been increased to 72 per cent and the number of people in employment has risen by 110,000. Investment exceeds depreciation, and labour input has grown.

The reforms increase labour supply, entrepreneurship and the diversification of the business structure, and strengthen public finances by over one billion euros.

#### **KEY PROJECTS**

**Boosting competitiveness by improving** conditions for business and entrepreneurship



Incentive traps that discourage acceptance of work will be removed and structural unemployment reduced



Company-level bargaining will be promoted and barriers to employment removed



Reforming labour administration to support employment



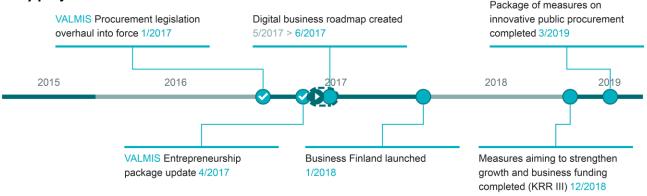
**Increased housing production** 



Minister of Economic Affairs Mika Lintilä (and Ministers Sanni Grahn-Laasonen, Jari Lindström and Kai Mykkänen)

The measures of the key project on competitiveness form an entrepreneurship package that will support businesses in their different life cycle stages. The objective is to remove barriers to entrepreneurship and improve the operating conditions of businesses in the domestic and global markets. The measures will improve the efficiency of Team Finland's internationalisation services, improve business finance instruments, promote deregulation, simplify permit processes, and open markets for competition. Most key project measures agreed on last autumn are already being prepared or implemented. Complementary and additional measures will enhance the impact of the entrepreneurship package.

#### Key project milestones:



Achievements: 21.9.2017

- The Competitiveness Pact will improve Finland's cost-competitiveness by shifting some of the
  cost burden to employees and extending the annual working time by 24 hours without
  interfering with earning levels
- Shop opening hours were deregulated from the beginning of 2016
- Entrepreneurship package measures: incl. a EUR 600 million growth funding package and an innovation voucher experiment launched in October 2016 (some 1,600 vouchers issued by March 2017)
- Procedures for fast-tracking the permit processes of major industrial investment projects have been prepared
- Procurement legislation overhaul entered into force on 1 January 2017

# Principal measures for the remaining government term: Finland 100 Renewal package:

- Business Finland reform: Tekes and Finpro are merging. Business Finland will bring all services
  related to innovation funding, exports, investments and promotion of tourism under one roof.
  The reform will make it possible to target more resources at customer service both in Finland
  and abroad. To be launched in early 2018.
- Tekes and the Academy of Finland will be allocated additional funding for new drivers of growth based on PPPs (Tekes) and the flagships of top-level research (Academy of Finland).
   The Government is also striving for additional inputs in knowledge and education by

- recapitalising the Academy of Finland and Tekes. Additionally, vocational education and training will be developed and improved by means of recapitalisation (see also the strategic priority of 'Knowledge and education')
- **Tourism 4.0 programme:** includes an increase in Visit Finland appropriations and measures aiming to enhance the digital competence of tourism businesses and to promote year-round tourism. The preconditions for nature tourism will be improved.
- The Talent Boost action plan seeks growth through international talents. Using public
  administration services in English will be enabled. The granting of residence permits for
  foreign start-up entrepreneurs will be enabled, and the residence permit process for foreign
  experts will be streamlined.
- **Deregulation** and continuation of the **competition programme for the domestic market** (see key project on deregulation).
- The **creative sectors** will be included in the entrepreneurship and employment packages and the support forms for growth and internationalisation contained in them, implementing the proposals of the working group on 'Creative economy and intangible values'.
- Based on a report produced by public officials, the Government will review the state subsidies
  to businesses scheme. The aim will be to form an overall picture of the impacts of business
  subsidies and evaluate the need to redirect the subsidies to encourage the modernisation of
  trade and industry. The results of this evaluation will be available for the government budget
  session in autumn 2017.

#### **Entrepreneurship package** measures (incl.):

- The reasons for building regional and national **growth services** are so as to provide incentives and support for entrepreneurship
- A service package for the self-employed From an entrepreneur to an employer: The primary
  aim is to improve the inadequate employer skills and recruitment competence of micro and
  small entrepreneurs hiring their first employees. This performance-based service will also
  support the building of growth services. The project was launched in spring 2017 and will
  terminate at the end of 2018. 12 Centres for Economic Development, Transport and the
  Environment / Employment and Economic Development Offices are involved.
  - In this project, the entrepreneur acquires basic employer skills as well as information about different recruitment methods and channels and possibilities for buying labour force and work.
  - The service is procured from private service providers, and it contains service marketing, personal guidance and training as well as the formulation of a recruitment plan. The fees are paid based on the results.
  - Marketing communications are produced together with the Federation of Finnish Enterprises.
- The personal liability period of the sickness allowance for entrepreneurs covered by the selfemployed persons' insurance scheme will be shortened from 1 + 3 working days to 1 day. The costs incurred by the sickness insurance system will be covered by increasing the entrepreneurs' additional funding share.
- The piloting of an **innovation bank** is being phased in (Tekes, spring 2017).
- The conditions for companies to execute successful changes of ownership will be improved
- Customer-oriented development and digitalisation of permit and notification procedures for businesses

- The possibilities of **entrepreneurs who have gone bankrupt** for getting off to a **new start** will be examined by conducting an international benchmarking study and taking the European Commission's proposal for a directive into account.
- Supporting entrepreneurship training for young people and securing the conditions for it
- Measures for identifying immigrants' entrepreneurship potential
- A digital business roadmap will be completed in spring 2017
- The artificial intelligence and robotics programme specifies the legislative amendments and changes required in such areas as the education system, public funding, the ways of doing work and cooperation structures.

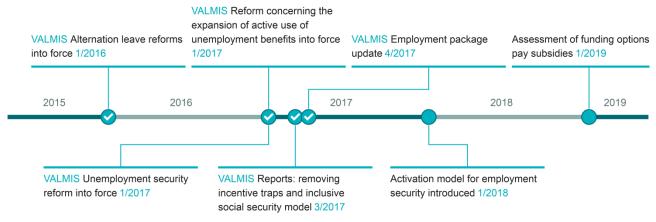
#### Key project 2:

Incentive traps that discourage acceptance of work will be removed and structural unemployment reduced

#### Minister of Labour Jari Lindström

Objectives for the social and unemployment security system reform: incentives for quick acceptance of new work, shorter periods of unemployment, reduced structural unemployment and savings in public expenditure. Unemployment security will be reformed, incentive traps that discourage the acceptance of new employment removed, and a model to deliver inclusive social security created.

#### Key project milestones:



Achievements: 21.9.2017

- Unemployment benefit can be used to fund pay subsidies and start-up grants and to pay mobility allowance
- Unemployed jobseekers are interviewed every three months
- The maximum period for receiving earnings-related unemployment allowance has been reduced
- The maximum period for which an unemployed jobseeker may pursue independent studying while receiving on unemployment benefit has been extended to allow the completion of the basic education syllabus
- The conditions of **job alternation leave** have been made more stringent
- More stringent provisions on the duty to accept work have been included in the Unemployment Security Act

#### Principal measures for the remaining government term:

#### **Employment package** measures (incl.):

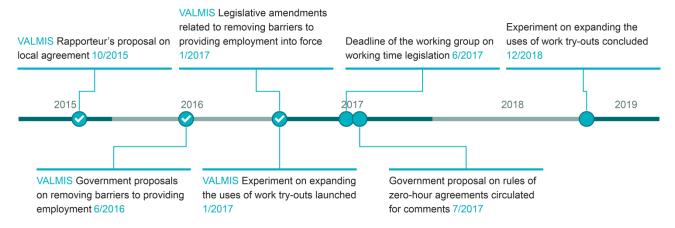
- Incentive traps will be removed:
  - o Early childhood education and care fees will be reduced
  - The housing allowance will be changed to provide a better incentive by setting ceilings for the housing costs (rent per square metre) towards which the allowance is granted for municipality categories and by replacing the rent index used to determine the housing allowance by the cost-of-living index.
- Adequate resources will be secured for employment policy.

- An unemployment security activation model will be introduced from the beginning of 2018.
   An unemployed person's level of activity will be reviewed periodically, and if no activity can be demonstrated, unemployment security will be reduced as a consequence
- Changes are being drafted in the unemployment security penalty system that stress active
  jobseeking and promote the regional mobility of labour
- Unemployment security for self-employed persons
  - Rapporteurs (Hellsten, Löfgren) will start drafting proposals on the possibilities of unemployed persons to engage in entrepreneurship activities for 4 months while receiving an unemployment benefit. The objective is to make a funding decision in the government budget session.
  - The Ministry of Social Affairs and Health the Interior will start preparing the introduction of combination unemployment insurance. The goal is to introduce this reform from the beginning of 2018.
- The funding options for pay subsidy from the beginning of 2019 will be evaluated, with the
  objective of topping up the funding from unemployment benefit appropriations
- Tax exemptions for employer-provided training in the employee's taxation will be clarified and extended by incorporating a specific provision related to this in the Income Tax Act.
- The **incentive traps of recovery** will be removed to ensure that when an unemployed debtor finds work, a postponement of recovery proceedings will granted to them as a rule if they so request. Also other ways to remove incentive traps of recovery will be examined.
- Under the leadership of the Ministry of Economic Affairs and Employment, a report on how unemployment security implementation practices could be changed to make it easier to accept short-term employment will be produced before the government budget session in 2017.

Minister of Labour Jari Lindström and Minister of Economic Affairs Mika Lintilä

The objective is to introduce a comprehensive reform of labour legislation in order to promote company-level agreement. The social partners will be encouraged to adopt such bargaining practices in the workplaces, and legislative projects will help improve the conditions for contracting company-level agreements.

#### Key project milestones:



Achievements:

- Removal of barriers to offering employment: extending the probationary period, changing the grounds for fixed-term employment relationships, and relaxing the obligation to re-employ a worker in case of redundancy
- The purposes for which work try-outs can be used have been made more wide-ranging (2017–2018); work try-outs can be used to assess an employee's suitability before an employment contract is concluded
- A rapporteur's proposal on company-level agreement was completed in October 2015

#### Principal measures for the remaining government term:

- An overhaul of the working time legislation will promote more flexible working time
  arrangements. Key issues on which the working group preparing the Working Hours Act
  focused were extending the possibilities for agreement and regulation on working time banks.
  As part of the working time legislation overhaul, rules for zero-hour contracts will be
  prepared.
- The potential for relaxing **the employer's planning and reporting obligations** will be examined. A report will be produced under the leadership of the Ministry of Economic Affairs and Employment before the government budget session in the autumn.

#### **Key project 4:**

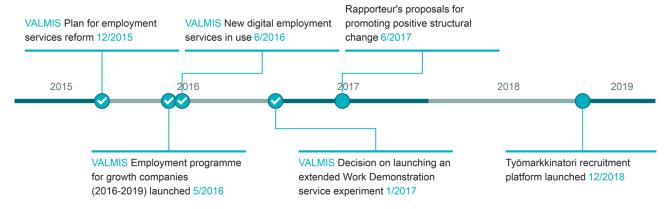
#### Reforming labour administration to support employment

#### Minister of Labour Jari Lindström

The objective of the reform is to alleviate labour market mismatch problems, eliminate demotivating measures, harmonise the interpretation of regulations across the labour administration and focus labour administration resources on activation measures.

The Government will prepare a proposal and necessary measures for a comprehensive reform of employment services.

#### Key project milestones:



Achievements: 21.9.2017

An employment programme for growth companies is under way

 Pilot projects on customer-oriented employment service experiments and other employment experiments (in 2016 and 2017) include pilot projects on performance-based employment services, in which public employment services procure employment services from private service providers of human resources. The new projects will be structured as part of the employment programme for growth companies, which lays a foundation for the future growth service.

#### Principal measures for the remaining government term:

#### **Employment package** measures (incl.):

- In the **periodical interviews with unemployed jobseekers**, the emphasis will be shifted from **telephone interviews to face-to-face meetings**. In connection with the interviews conducted by the Employment and Economic Development Offices (after being unemployed for 3 months), unemployed jobseekers who need intensified services will, as far as possible, be directed to human resources service companies that need labour.
- Regional mobility and commuting of the unemployed will be supported by the following means:
  - o Job offers will be made across a wider area
  - Targeted communications on financial support forms for mobility (allowances, tax deductions) will be offered for the unemployed
  - The scope of the mobility allowance will be expanded to part-time work and recruitment training

- An effort will be made to increase the use of the mobility allowance by increasingly
  offering it to persons for whom work would be available at a longer commute.
- The **positive structural change** will be supported:
  - The rapporteur's proposals will be implemented, especially to promote the positive structural change in Southwest Finland, including proposals concerning the maritime cluster, which will be submitted in June 2017.
  - Employment appropriations will be allocated flexibly to labour market training and coaching in growth sectors. The current robust situation of positive structural change in Southwest Finland will be bolstered through resource allocation.
  - Cooperation across networks will be increased between the Employment and Economic Development organisations, municipalities, companies and regions to promote vocational and regional mobility, to provide more effective services and to market job vacancies nationally. Supplier and subcontracting networks will be used as part of the competence procurement process.
  - Ways of enabling the location of new production in new areas and sectors and promoting the regeneration of sectors by providing incentives for specialisation and experiments will be investigated.
- Providing better conditions self-motivated studying for unemployed people: On the basis of a
  report produced by the Ministry of Economic Affairs and Employment, the Government will
  decide by the end of June 2017 if, in strictly limited cases and for justified reasons, the
  discretionary approach to self-motivated studying could be dropped. The report will consider
  the use of profiling models in needs-based discretion related to self-motivated studies.
- Targeting pay subsidies to companies and difficult-to-employ jobseekers:
  - The Sanssi and Duuni cards will be merged to create a single pay subsidy card. A pay subsidy card will be issued to a jobseeker on the basis of an assessment relying on the profiling model and the Employment and Economic Development Office's discretion.
  - Ministry of Economic Affairs and Employment's instructions for using the profiling model will be introduced
- Experiments that support job creation:
  - The role and ratio of **private service provision** in employment and economic development services will be increased on the basis of experiences gathered in pilot projects. New projects will be targeted in a way that is expedient from the perspective of the growth service reform; for example, new, multidisciplinary service concepts will be procured from private service providers for groups in a weak labour market position and for young people.
  - A impact investing project (Työllisyys-SIB) will be launched to employ young people and long-term unemployed jobseekers, and private funding will be used to prevent long-term unemployment.
- **Työmarkkinatori recruitment platform** will for the first time bring together public and private service providers to offer jobseekers, employers, employment service organisations and others a meeting place that is as agile as possible (2018).
- To prevent labour market mismatches, recruitment services and training in growth sectors will be improved, new operating models will be piloted and solutions for mobility and commuting will be sought.
- In the area of **tourism**, an extensive national project is being prepared to respond to the labour market mismatch as part of the **employment programme for growth companies** and Tourism4.0 (see Key project 1)
- Implementation of the county reform and growth services reform (incl.):

- To reduce long-term unemployment, it will be ascertained that the legislation governing health and social services as well as growth service legislation will support the future counties in developing customer-responsive service packages
- The funding responsibility for labour market subsidies will be shared between the central government, municipalities and counties. The need for any additional incentives for the counties to promote employment will be assessed.
- The employment of immigrants will be promoted by fast-tracking education and employment pathways. The labour market orientation of integration training, recognition of immigrants' qualifications and training that qualifies immigrants for the Finnish labour market will be promoted, while transfers to vocational and other education and training will be accelerated.
- Youth employment will be increased by linking the **youth guarantee and Ohjaamo** guidance activities to the growth services.
- Tasks of the employment and economic development offices related to implementing the unemployment security and job alternation systems will be transferred to the unemployment funds and the Social Insurance Institution (Kela).

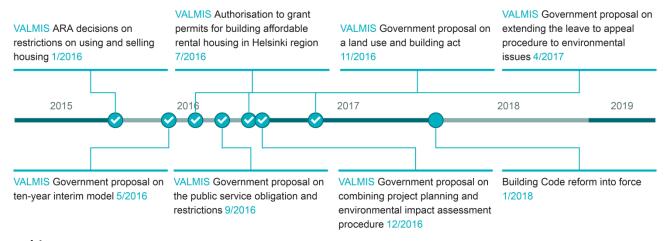
#### **Key project 5:**

#### Increased housing production

Minister for Housing, Energy and the Environment Kimmo Tiilikainen

The Government's objective is to encourage housing construction. To accomplish this, the zoning and permit systems will be streamlined to facilitate and accelerate construction with the aim of boosting economic growth and employment; increasing the supply of housing; renewing the housing stock; responding to demand for housing; promoting competition in the construction industry; increasing the freedom of choice in housing; and responding to changes in housing needs. The Government will pursue its housing policy.

#### **Key project milestones:**



Achievements:

- The Government's housing policy measures have been implemented: incl. a 10-year interest subsidy model, general interest requirements abolished for new housing production, and increased flexibility in the restrictions on using and selling existing housing stock.
- Government proposal on an act amending the Land Use and Building Act was adopted in November 2016. The amendments concern deregulation of zoning and construction, more possibilities for construction, better conditions for business and industries, and developing effective competition.
- **Project zoning and the environmental impact assessment procedure** are to be combined where justified. A government proposal was adopted in December 2016.
- The procedure for approving regional land use planning has been dropped.
- The **powers related to granting exemptions from regulations** have been fully transferred to the **municipalities**.
- MAL agreements (land use, housing and transport) have been prepared and adopted.
- Government proposal on extending the leave to appeal procedure to apply to environmental issues in April 2017.

#### Principal measures for the remaining government term:

- Developing the loan terms of interest subsidies in long-term housing loans
- Reducing the costs of housing construction and speeding up project development by providing
  for more flexible methods of organising civil defence shelters and directing the municipalities
  to relax the obligation to provide parking places
- Completing the update of the Building Code
- Reform of the right-of-occupancy housing system

### 2. KNOWLEDGE AND EDUCATION

In the year **2025** 

Finland is a country that encourages people to keep learning new things. The level of competence and education of Finns has increased, supporting the regeneration of Finnish society and equality in regard to opportunities. Finland is a leading country in education, expertise and modern learning.

### **GOVERNMENT-TERM OBJECTIVES FOR THE PRIORITY AREA**

Learning environments have been modernised and the opportunities offered by digitalisation and new pedagogical approaches are grasped in learning. The number of young people who have dropped out of education or working life has fallen. The drop-out rate in education has declined.

Dialogue between educational institutions and working life is more active.

The quality and effectiveness of research and innovation have begun to improve.

Education and research have become more international and obstacles to education exports have been removed.

### **KEY PROJECTS**

1 New learning environments and digital materials for comprehensive schools



Vocational upper secondary education reform



Accelerated transition to working life



Improved access to art and culture



Closer cooperation between higher education institutions and business life to bring innovations to the market



**Shift from the youth guarantee towards a community guarantee** 

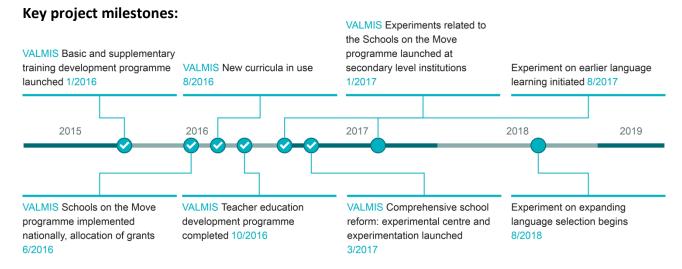


### **Key project 1:**

### New learning environments and digital materials for comprehensive schools

#### Minister of Education Sanni Grahn-Laasonen

The objective is to make Finland a leading country of modern learning and inspiring education.



Achievements: 21.9.2017

- New basic education curricula were introduced in all municipalities and schools in Finland in August 2016.
- In September 2016, the New Comprehensive School programme was launched
- The **teacher education development programme** was completed in October 2016, and its implementation has started.
- Teacher education projects will be launched in autumn 2017.
- An **experimental centre** to coordinate basic education experiments underpinned by the latest research results was established in connection with the Finnish National Agency for Education in March 2017.
- A special transfer was allocated to basic education development projects through the Finnish National Agency for Education, and 29 innovative basic education development projects were launched.
- The **Schools on the Move** activities have been expanded, and some 80% of the pupils and municipalities are already within their scope.
- Tutor teacher activities that support the implementation of the new curricula at schools and
  the use of digital teaching methods have been launched and mainstreamed nationally. 80% of
  education providers participate in these activities.

- The theses of the parliamentary group on developing the comprehensive school of the future will be published in August 2017, and the methods to be used will be published by the action group in the Finnish National Agency for Education in December 2017
- Mainstreaming of operating models created in teacher education development projects in 2018
- All teachers will be offered the opportunity to participate in online supplementary training matching their level of training

- A more needs-based approach will be adopted in supplementary training, and education providers will be given more opportunities and resources in 2018
- The **tutor teacher model** will be expanded on the national scale.
- Experiments on starting language learning earlier and broadening the range of languages offered will be launched.

### Key project 2:

### Vocational upper secondary education reform

#### Minister of Education Sanni Grahn-Laasonen

The objective is to reform vocational education and training by creating a competence-based and customer-oriented system and to improve the efficiency of vocational education. Additionally, onthe-job learning and individual learning paths will be promoted and detailed regulation and overlapping functions eliminated.

### Key project milestones:



**Achievements:** 

21.9.2017

- Government proposal on operational legislation and the funding system for the vocational education and training system.
- A programme aiming to develop the education provider structure was launched in May 2016.
- A project on reforming the operating processes and learning environments of vocational education and training providers was launched in August 2016.
- A programme developing the competence of teaching and guidance personnel that supports the reform implementation was launched in January 2017.

- Introduction of the new steering and funding system in January 2018
- New licences for education providers in September 2017
- New admission criteria introduced in January 2018
- Introduction of an education and training agreement model in January 2018
- The reform of vocational education and training qualifications will enter fully into force in January 2019
- Implementation of export of education experiments
- Implementation of a reform project on operating processes and learning environments between August 2016 and December 2019
- Carrying out a programme to support reform implementation between January 2017 and December 2018

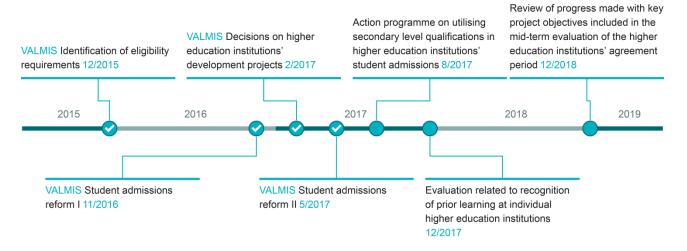
### **Key project 3:**

### Accelerated transition to working life

### Minister of Education Sanni Grahn-Laasonen

The objective is to extend careers and provide flexible learning paths. Young people's transition to further education will be facilitated. Flexible learning paths will make it easier to complete qualifications and reconcile work and studies.

### **Key project milestones:**



Achievements:

- A proposal for an action plan on using matriculation examination results in higher education institutions' student admissions in November 2016 (Valmiina valintoihin). Proposal on improving the use of vocational upper secondary qualifications in higher education institutions' student admissions April –May 2017 (Valmiina valintoihin II). On the basis of these proposals, an action plan on using secondary level qualifications in higher education institutions' student admissions will be prepared (June–August 2017).
- In their agreements for 2017–2020, the Ministry of Education and Culture made agreements with the universities and universities of applied sciences on objectives and strategic contributions funding aiming to accelerate transition to the labour market and improve the quality of higher education (January 2017).
- Development of higher education: projects to be implemented between 2017 and 2019 (incl. student admissions, digital pedagogy and new learning environments, portability of study credits, guidance and counselling, capacity for study, wellbeing and accessibility) were supported with special discretionary government transfers amounting to EUR 25 million. Decisions made in February 2017.

- Evaluation for individual higher education institutions of their practices for the recognition of prior learning, December 2017
- Higher education development: a call for applications concerning special discretionary government transfers for higher education institution development projects for 2018–2020 (maximum amount EUR 40 million) launched in April 2017. Decisions to be made in February 2018.

- In the mid-term evaluations of the higher education institutions' agreement period, progress made with the key project objectives will be assessed in December 2018.
- A new **education model responding to immigrants' needs** will be created in the form of liberal adult education activities. Full central government funding will be available for those immigrants whose education and training has been approved as part of the integration plan.

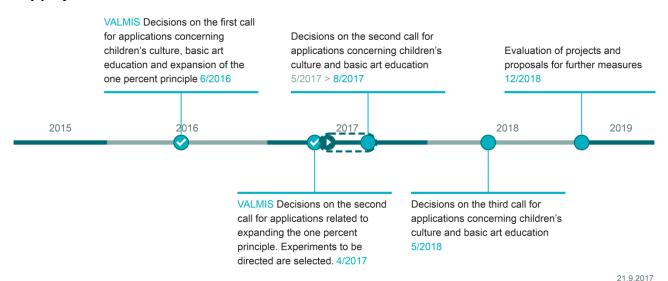
### **Key project 4:**

### Improved access to art and culture

Minister for European Affairs, Culture and Sport Sampo Terho and Minister of Education Sanni Grahn-Laasonen

The objective is to incorporate culture in children's daily lives, support the creativity of children and young people, and make art and culture easily accessible to all.

### **Key project milestones:**



#### **Achievements:**

- Recreational classes led by art and culture professionals are offered in schools. These classes
  have been launched in schools in 67 municipalities. The recreational classes improve and
  diversify the equal opportunities of pupils in grades 1 to 10 of comprehensive schools to
  engage in art and cultural activities as part of the school day and promote the opening of
  school doors for the outside world. The recreational classes are part of basic art education and
  supply of children's culture.
- A new, national '**Pupil survey**' has been conducted to hear the pupils and identify which fields of arts and culture and sports interest them. Recreational classes have been organised as indicated by the pupils' interests. 200,000 pupils responded to the survey.
- Basic art education has been used to engage children under school age in arts and culture.
- The activities of children's cultural centres have spread to new municipalities.
- An experimentation and development project aiming to **improve multiliteracy among children** under school age was launched. An action plan was prepared for the programme.
- Expansion of the one percent principle related to current building projects and applying it to the procurement of wellbeing services relevant to art and culture in the social and cultural sectors.

- A third call for applications concerning funding for projects aiming to increase the supply of children's culture and other artistic and cultural activities in May 2018
- Evaluation of projects and proposals for further measures in December 2018

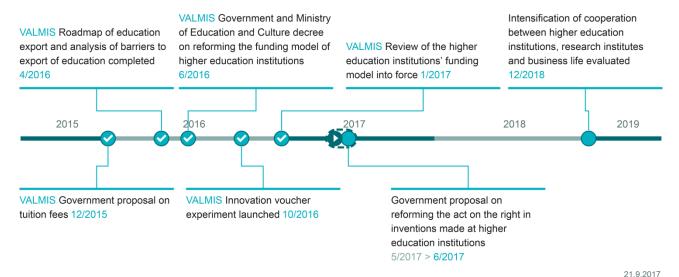
### **Key project 5:**

Closer cooperation between higher education institutions and business life to bring innovations to the market

Minister of Economic Affairs Mika Lintilä together with Minister of Education Sanni Grahn-Laasonen

The objective is to make maximum use of scientific and research resources and to boost Finnish exports of education.

### Key project milestones:



#### **Achievements:**

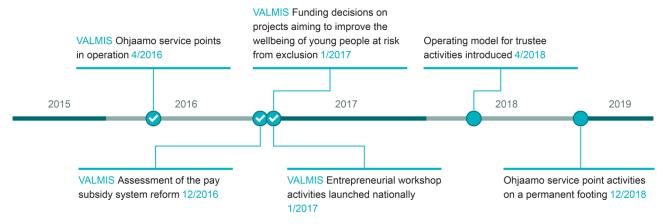
- Finnish Funding Agency for Innovation Tekes' key project funding (EUR 59 million for 2016–2018) has supported challenge-based research, opening and utilisation of research results obtained by research organisations as well as new operating models that support business cooperation.
- The research, development and innovation activities of universities of applied sciences have served the renewal of SMEs in particular (incl. the innovation voucher experiment).
- Through the **innovation voucher experiment**, Tekes has managed to activate a new target group in innovation activities, particularly young micro companies.
- Key project funding granted by the Academy of Finland has been targeted to support young scientists and the utilisation of research results.
- A roadmap of education exports and an analysis of barriers to education exports.
- As part of universities' core funding, the renewal of universities will be supported with strategic contribution funding amounting to over EUR 190 million in the agreement period 2017–2020.
- Health Sector Growth Strategy for Research and Innovation Activities, Roadmap for 2016– 2018.
- An OECD evaluation of Finland's research and innovation policies was published in June 2017.

- Government proposal on reforming the act on the right in inventions made at higher education institutions
- In the **vision** for higher education and research 2030, the wider needs of the research and innovation system will be addressed.
- Effective tools: drivers of growth and flagship institutes by December 2017 (see Competitiveness, key project 1)

Minister of Education Sanni Grahn-Laasonen (and ministers Jari Lindström, Juha Rehula and Sampo Terho)

The objective is to support young people's life management skills, learning paths and employability. Additionally, cooperation in efforts to assist young people will be intensified and the best practices will be disseminated across the country.

### Key project milestones:



Achievements: 21.9.2017

- There are altogether 40 **Ohjaamo** service points, and more than 400 professionals in different fields work in them at least one day a week. In 2016, Ohjaamo service points offered individual guidance 50,000 times and encountered young people in groups 60,000 times.
- A **trustee model** has been outlined on the basis of the Social Welfare Act and the Youth Act.
- **Entrepreneurial workshop activities** for young people, which are part of employment and economic development services, have expanded nationwide.
- The pay subsidy system has been reformed, and pay subsidies are today being used more
  clearly for developing vocational competence and promoting employment in the open labour
  market. In addition to the long-term unemployed, pay subsidies are targeted at promoting the
  employment of those who, according to the Employment and Economic Development Office's
  assessment, are at risk of long-term unemployment.
- Funding decisions: The Ministry of Social Affairs and Health granted over EUR 2.5 million to a
  project carried out by Helsinki Deaconess Institute that builds up the functional capacity and
  working ability of NEET youth and provides them with opportunities for participation. The
  Finnish National Agency for Education granted a total of EUR 400,000 to 14 network projects
  with 79 participating municipalities to develop flexible basic education activities.

- An overview of the key projects will secure the joint impact of different key projects on the
  wellbeing of children, young people and families and on reducing inequality in the context of
  the regional government reform.
- The Government will implement 19 measures to promote the wellbeing of children and young people, prevent exclusion and reduce the number of NEET youth.

### 3. HEALTH AND WELLBEING

In the year 2025

People in Finland are healthier and in better control of their lives.

They feel that they can have an influence, make choices and take responsibility. Health and social services focus on preventive action, and the clinical pathway is smooth, personnel are coping well and information systems work well. Through reform, joint resources can be used to foster better health and wellbeing.

### **GOVERNMENT-TERM OBJECTIVES FOR THE PRIORITY AREA**

Social protection has been overhauled to encourage participation and employment. Health promotion and early support have been bolstered in inter-administrative decision-making processes, services and working life by means of legislative amendments and better execution. Differences in health and wellbeing have narrowed.

Support is provided to people of all ages, to enable them to take responsibility for their own state of health and lifestyles. The public service pledge is defined within the parameters of society's financial resources capacity. People in different life situations have more choices.

The wellbeing and individual resources of children and families have been enhanced.

The focus is on home services for older people. Informal care has been reinforced.

The health and social services reform has improved basic public services and information systems.

Inclusive social security that encourages acceptance of employment.

Participation in organisations and voluntary activities has been facilitated and people's engagement increased by cutting red tape.

### **KEY PROJECTS**

Customer-responsive services

37 MEUR

Health and wellbeing will be fostered and inequalities reduced



**Programme to restructure child and family services** 



Home care for older people will be developed and better informal care for all age groups

30 MEUR

Career opportunities for people with impaired work capacity



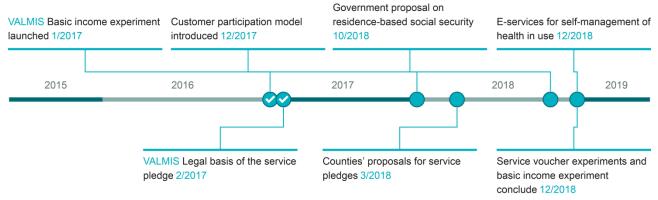
### **Key project 1:**

### Customer-responsive services

Minister of Social Affairs and Health Pirkko Mattila and Minister of Family Affairs and Social Services Juha Rehula

The objective is to provide customer-responsive operating processes conducive to self-empowerment in the context of social and healthcare services, and to ensure an appropriate level of social security. The reforming of the operating processes in healthcare and social services and social security will be launched. Different functions will be brought together to provide customer-responsive service regimes. Tools offered by digitalisation will be utilised and red tape reduced. The self-empowerment of customers will be supported and shared access to information provided.

### Key project milestones:



Achievements:

- Service voucher experiments have been launched.
- A **basic income experiment** was initiated at the beginning of 2017. The aim of this experiment is to determine whether the basic income could be used to reform the social security system so as to reduce disincentives related to accepting work. A potential decision on further phases to the experiment will be made in autumn 2017.
- The national health service known as Kanta has been expanded to My Kanta.
- A Virtual hospital 2.0 project has been launched.
- Regional experiments related to a customer participation operating model have been initiated.

- A **self-care e-service package** will be in use from December 2018.
- Preparation of the public service pledge in cooperation between the key project and stakeholders preparing the health, social services and regional government reform. All counties will have prepared a proposal for the county's service pledge by January—March 2018.
- Government proposal on residence-based social security in October 2018.
- Based on the results of project experiments, customer choice will be increased, social security
  will be reformed and customers' and residents' expertise by experience will be incorporated in
  the service system.
- An inclusive social security experiment will be launched in early 2018. In this experiment, rehabilitative social work that supports employment will be integrated with social rehabilitation that promotes inclusion.

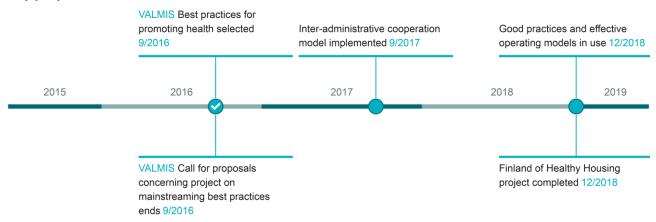
### **Key project 2:**

### Health and wellbeing will be fostered and inequalities reduced

Minister of Family Affairs and Social Services Juha Rehula

The objective is to encourage healthy lifestyles, including exercise, and foster good mental health, reduce negative health impacts from buildings and to narrow down the differences in health and wellbeing.

### Key project milestones:



Achievements: 21.9.2017

In order to mainstream good practices that encourage a healthy lifestyle, good mental health
and inclusion and to combat exclusion, regional projects have been launched that aim to
improve the health, wellbeing and self-empowerment of population groups in the most
vulnerable position. The projects that have received central government transfers will be
implemented between 2017 and 2018.

- The 'Finland of Healthy Housing' project will produce information on health impacts, examine and provide instructions for the timely processing of health issues in buildings as well as communicate about and provide training on building health risks and their management. The project will be concluded in December 2018.
- The **model of inter-administrative cooperation** will be reinforced, and will have been put into practice in September 2017.
- The spreading of good practices created in regional projects will be mainstreamed as part of existing structures and activities.

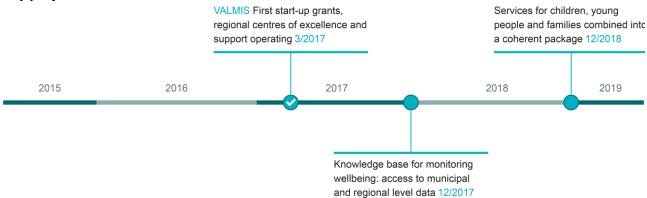
### **Key project 3:**

### Programme to restructure child and family services

Minister of Family Affairs and Social Services Juha Rehula and Minister of Education Sanni Grahn-Laasonen

The objective is to create more effective and preventive services that provide a better response to the needs of children and families. The fragmented system of services for children and families will be reformed to respond better to the needs of these groups in the operating environment of the counties and the new municipalities. A sweeping reform will be carried out where the focus will be shifted to preventive services that are shared by all, as well as early support and intervention. An operating culture that respects children's rights and reinforces knowledge-based action will be fostered in decision-making and services. The reform is based on the principles of children's rights, diversity of families, responding to the needs of children and families, enhancing the resources of children, young people and parents as well as participation and expertise by experience. Streamlined services will be organised for asylum seekers who are minors, whether they arrive unaccompanied or with their families.

### **Key project milestones:**



21.9.2017

### **Achievements:**

- Inter-administrative development projects on services for children and families have been commenced in all regions.
- An **agent for change** has been designated for each county, who is tasked to promote and coordinate the attainment of the project's goals in the forthcoming counties.
- A report on hearing children and young people in the services has been completed.

- A model for assessing impacts on children and families and the introduction of a childresponsive budgeting model
- An overview of the key projects will secure the joint impact of different key projects on the
  wellbeing of children, young people and families and on reducing inequalities following the
  regional government reform.
- Based on the development areas of the projects and their evaluations, service packages and decision-making will be reformed, and a permanent change will be supported.

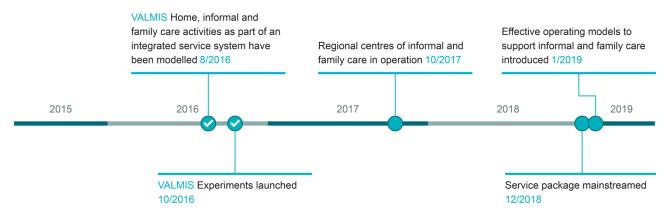
### **Key project 4:**

### Home care for older people will be developed and better informal care for all age groups

Minister of Family Affairs and Social Services Juha Rehula

The objective is to provide more equal and better services for older people as well as for informal and family carers while curbing the increase in costs.

### **Key project milestones:**



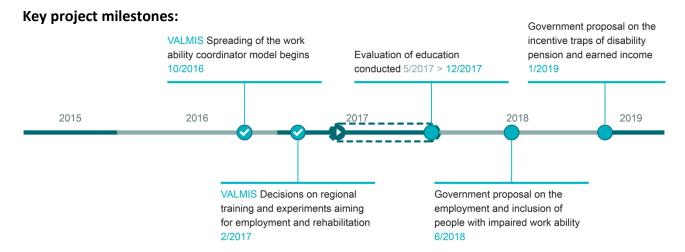
Achievements: 21.9.2017

- Eight regional experimental and development projects have been launched. The projects are
  large regional entities that will bring together the municipalities, companies and organisations
  operating in the region to develop home care of older people and informal care for people of
  all ages. The projects pilot steering and operating models for home and informal care.
- An **agent for change** for the key project has started working in each county. The agents' task is to form a coordinated service system for older people in the counties.

- Regional centres of informal and family care will be set up. Their activities will be evaluated.
   To be completed in December 2018.
- Operating models for supporting informal and family care that have been proven to be effective will be introduced in January 2019.
- Based on the development areas of the projects and their evaluations, service packages and decision-making will be reformed, and a permanent change will be supported.

### Minister of Social Affairs and Health Pirkko Mattila

The objective is to increase significantly the number of persons with impaired work capacity who remain at work and also help such persons find employment in the open labour market.



Achievements: 21.9.2017

- Experimental projects have been launched to people with impaired work capacity to find a
  job. These projects will generate models for directing people with impaired work capacity to
  rehabilitation and care, helping maintain work capacity, and employing people with impaired
  work capacity in the open labour market following studies or work activities. The projects also
  seek for ways of improving the social inclusion of those with impaired work capacity.
- The spreading of the work capacity coordinator model has commenced. Work capacity
  coordinator training is intended for professionals who work in the services that support the
  employment and staying at work of persons with impaired work capacity.
- A report on entrepreneurship among persons with disabilities and supporting their entrepreneurship has been completed, and efforts to expand the knowledge base through additional surveys have been initiated on this basis.
- The 'Road to labour market online service' (OSKU) has been opened.
- An examination into how to lower the recruitment threshold has commenced.

- A government proposal on the employment and inclusion of persons with impaired work capacity will be adopted in June 2018.
- A government proposal on the incentive traps of disability pension and earned income due in January 2019
- Based on the development areas of the projects and their evaluations, service packages and decision-making will be reformed, and a permanent change will be supported.

### 4. BIOECONOMY AND CLEAN SOLUTIONS

1n the year **2025** 

Finland will be a pioneer in the bio and circular economies and in cleantech. By developing, introducing and exporting sustainable solutions we have improved the current account, increased our self-sufficiency, created new jobs, and achieved our climate objectives and a good ecological state in the Baltic Sea.

### **GOVERNMENT-TERM OBJECTIVES FOR THE PRIORITY AREA**

Finland has reached the 2020 climate objectives already during the government term. Imported fossil fuel-based energy has been replaced by clean and renewable domestic energy.

The growth of cleantech enterprises, the increase in the sustainable use of natural resources, pluriactive rural enterprises and an efficient circular economy have contributed to the creation of new jobs without compromising environmental protection.

The administrative burden that has slowed down regeneration has been significantly reduced.

Profitability of food production has improved and the trade balance has risen by 500 million euros.



### **KEY PROJECTS**

Towards carbon-free, clean and renewable energy in a cost-efficient way

**100 MEUR** 

Wood on the move and new products from forests

50 MEUR

Breakthrough to a circular economy and adoption of clean solutions

63 MEUR

Economically viable food production in Finland, balanced trade and thriving blue bioeconomy

100 MEUR

Nature policy based on trust and fair means



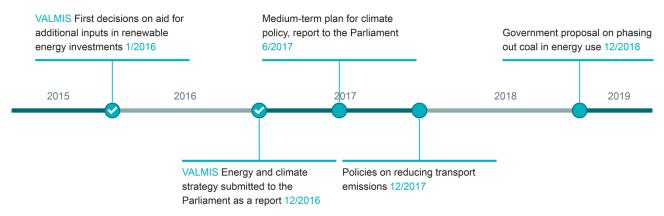
### **Key project 1:**

### Towards carbon-free, clean and renewable energy in a cost-efficient way

Minister of Housing, Energy and the Environment Kimmo Tiilikainen and Minister of Economic Affairs Mika Lintilä

The aim is to increase sustainably the proportion of renewable energy to exceed 50% of energy consumption in the 2020s. This will be based, in particular, on growth in the supply of bioenergy and other emission-free renewable energy.

### **Key project milestones:**



Achievements: 21.9.2017

• The Government adopted a report on **the National Energy and Climate Strategy** for 2030 (government report 7/2016). The strategy sets out the objectives and actions by which Finland will attain the energy and climate targets included in the Government Programme and agreed upon within the EU for 2030 and is systematically on the way for reaching the 2050 targets.

- A medium-term plan for climate change policy will be submitted to the Parliament in June 2017.
  - This plan sets out policy measures for achieving the emission reduction targets for 2030 in the burden sharing sector (transport, agriculture, buildings, waste management and machinery). Plan implementation will be launched, including a more extensive obligation to blend fuels with biofuels, improving the energy efficiency of the transport system and vehicles, and supporting municipalities and regions in their climate work.
- By means of additional funding, **low-emission transport** will be incentivised, including electric and gas-powered driving, the production of renewable energy, wood construction and experiments that promote the goals of the strategy.
- Investments in innovative new technology energy projects and, during the transition period, in electricity produced from renewable sources will be supported. A competitive electricity and gas market will be developed, taking energy reliability and the flexibility needed in the energy market into account.
- The transport use of biofuels will be promoted. Government proposal on biofuels.
- Ways to safeguard the preconditions for **co-production of electricity and heat** will be examined. The development of demand response, energy storage and decentralised production will be promoted in a manner that is sustainable in terms of the energy system.

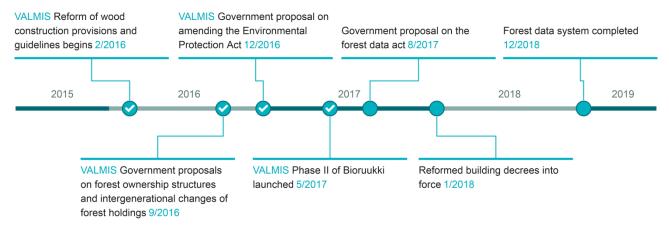
### **Key project 2:**

### Wood on the move and new products from forests

Minister of Housing, Energy and the Environment Kimmo Tiilikainen, Minister of Agriculture and Forestry Jari Leppä and Minister of Economic Affairs Mika Lintilä

The objective is to diversify and increase the use of wood and to increase its added value. Competitive and sustainable bioeconomy solutions to worldwide problems will be created in Finland, generating new business, jobs and exports.

### Key project milestones:



Achievements: 21.9.2017

- As a result of the Forest data and e-services project, the use of e-services use etc. has been enabled. The 'Metsään.fi' service and forest data standards available that facilitate data transfers between actors.
- An incentive system has been created for intergenerational transfer of forest holdings (gift tax deduction on forest holdings).
- Entrepreneur deductions in the Income Tax Act now also apply to forestry.
- **Wood construction programme** 2016–2018, new building decrees to enter into force in January 2018.
- Funding and launch of several cleantech pilot projects.

- **Wood construction** will be promoted in line with the actions set out in the National Energy and Climate Strategy.
- Projects on access to forest resource data and developing e-services will be completed in December 2018.
- Government proposal on a forest data act in August 2017.
- Implementation of the National Forest Strategy 2025 will be continued, and any needs to
  modify the strategy will be identified. Particular focus areas of strategy implementation will be
  environmental management in commercial forests, boosting forest growth, formulating
  policies on the new forestry incentive scheme, accelerating the processing of estates, and
  developing statistics and the forest sector knowledge base. To be implemented between 2017
  and 2019.
- Any needs to modify the Forest Strategy will be assessed. To be implemented in 2018.

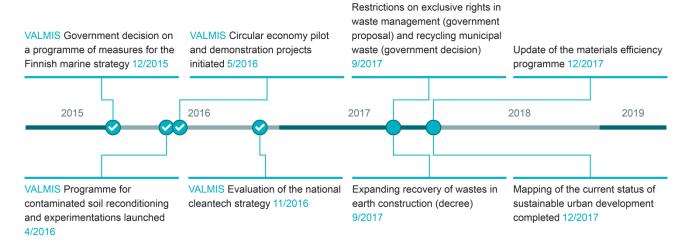
### **Key project 3:**

### Breakthrough to a circular economy and adoption of clean solutions

Minister for Housing, Energy and the Environment Kimmo Tiilikainen

The objective is to exploit the growing potential of a circular economy and clean solutions. Actions to promote a good ecological status of the Baltic Sea will be taken in cooperation with domestic and international actors. The amounts of nutrients and organic material leaching to the waters will be reduced, while the nutrient and energy self-sufficiency of agriculture will be enhanced. Circular economy and cleantech business and exports will grow, and new jobs will be created.

### Key project milestones:



Achievements:

• **Experimental programme of nutrient recycling** and key projects on aquatic and marine environment management.

- New **investments** in bioeconomy.
- A **national roadmap to a circular economy** formulated under the leadership of Sitra and the ministries.
- Six business ecosystems with international market potential, Tekes' Business spearheads and ecosystems in the bioeconomy programme.
- Waste management legislation projects that promote recycling: impact assessment of restricting the municipalities' responsibility for organising waste management to housing wastes only.
- Experimental projects on recycling municipal waste.
- New, internationally competitive techniques for reconditioning contaminated soil have been tested and areas have been reconditioned for use: the Clean Soil programme of Tekes and the Ministry of the Environment.

- **To promote a circular economy**, an action plan will be prepared together with Sitra that is based on the earlier roadmap to a circular economy. A government proposal on amending the Waste Act to restrict the municipalities' responsibility for organising waste management to housing wastes only, government proposal in autumn 2017.
- A National Waste Plan, government decision in September 2017

- In order to encourage sustainable and innovative procurement, a network-based **centre of excellence** will be set up in spring 2018, and a **Green deal model** will be piloted to promote sustainable procurement
- Preparation of an action plan for sustainable urban development.

### Minister of Agriculture and Forestry Jari Leppä

The goal is to improve the profitability of agriculture and the solvency of farms. No new obligations that would cause costs will be introduced during the government term. The domestic use and export of our pure foods, fisheries resources and waters will be promoted.

### Key project milestones:



Achievements: 21.9.2017

- Funding for farming investments can be safeguarded through EUR 90 million in additional funding to be transferred to the **Development Fund for Agriculture and Forestry**.
- A government decision on public **procurement of food and catering services** was adopted in June 2016.
- A **Government Report on Food Policy** is being debated by the Parliament.
- Food exports have been promoted through key project funding, including increased resources to Evira.
- The administrative burden has been eased considerably during the current government term.
- A national development plan for blue bioeconomy and a Nordic Roadmap for Blue Bioeconomy have been completed. Fishing industry innovation programmes have been launched.
- Several major investments to regenerate the fishing industry have been made.

- Implementation of the farm income crisis package will be completed.
- An action plan on the Food Policy Report will be prepared and implemented.
- From the beginning of 2019, the Agency for Rural Affairs (Mavi) and the Finnish Food Safety Authority (Evira) as well as certain tasks performed by the National Land Survey of Finland's Centre for ICT Services will be merged.
- The development plan for blue bioeconomy and the marine sector internationalisation programme contained in it will be implemented. To be completed in April 2019.
- In cooperation between companies, researchers and funding providers, a **national strategic research agenda for blue bioeconomy** will be formulated. To be completed in May 2018.

- As an experimental project of blue bioeconomy, a testing, learning and innovation environment for fish farming technologies will be built in connection with Natural Resources Institute Finland's Laukaa branch. To be completed in December 2018.
- Legislative amendments to statutes on environmental procedures will be continued.

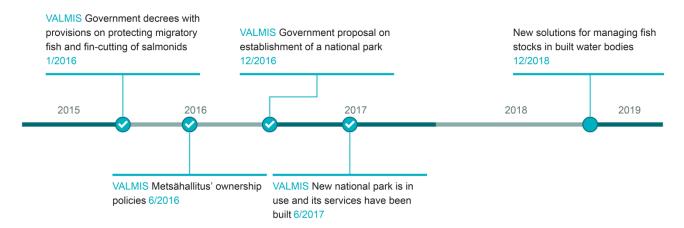
### **Key project 5:**

### Nature policy based on trust and fair means

Minister of Housing, Energy and the Environment Kimmo Tiilikainen and Minister of Agriculture and Forestry Jari Leppä

The objective is to safeguard the current level of nature protection and to make nature protection measures more acceptable locally by means of transparent cooperation and participatory decision-making. National and international recreation and nature tourism will be increased.

### **Key project milestones:**



21.9.2017

### **Achievements:**

- Establishment of Hossa National Park as part of Finland's centenary celebrations: the
  national park status awarded in the centennial year 2017 will increase the attraction of Finland
  and Hossa area as a destination for nature and cultural tourism and create new business
  potential for sustainable tourism.
- A government decree containing new provisions on protecting **migratory fish** and the obligation to cut the fins of stocked salmonids was issued in January 2016.
- From the beginning of 2017, a new **quota system** based on Act 1048/2016 was introduced in commercial fishing.

- The fish passage of Raasaka in River Iijoki and other actions contained in the key project package concerning this river, the key project on Saimaa freshwater salmon and the innovative Kalasydän pilot project (Kala-sydän Oy) will be implemented.
- Salmon transplantation in Kemijoki river will be carried out more efficiently, and a restocking programme of salmon and sea trout will be launched.
- The Government will enhance the protection of forest biodiversity by investing in the implementation of the **METSO programme**.
- Conditions for nature tourism will be improved as part of the Tourism 4.0 project (see competitiveness, key project 1)

### 5. DIGITALISATION, EXPERIMENTATION AND DEREGULATION

1n the year **2025** 

Finland has made a productivity leap in public services and in the private sector by harnessing the potential offered by digitalisation, dismantling unnecessary regulation and cutting red tape. The flexible regeneration of Finnish society is supported by a management culture based on trust, interaction and experimenting.

### **GOVERNMENT-TERM OBJECTIVES FOR THE PRIORITY AREA**

User-based, one-stop-shop digital public services that improve productivity and efficiency have been developed with the help of determined management.

Public decision-making is innovative and has created a favourable operating environment in Finland for digital services, Industrial Internet applications and new business models.

People's everyday lives, business operations, agriculture, investments, construction, healthy competition and voluntary activities have been markedly facilitated by deregulation, the reduction of the administrative burden and improvements to permit processes.

Bold steps have been taken to reform management and implementation by strengthening knowledge-based decision-making and openness and by making use of experiments and methods that encourage civic participation.

### **KEY PROJECTS**

**Digitalised public services** 



Growth environment for digital business operations



**3** Streamlined legal provisions



A culture for experimenting



**5** Better leadership and implementation

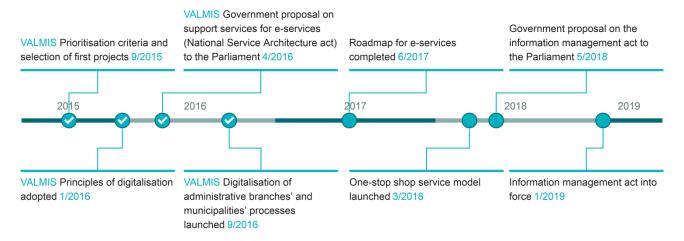


### **Key project 1:** Digitalised public services

Minister of Local Government and Public Reforms Anu Vehviläinen

Public services will be designed to be user-responsive and primarily digital. This will be achieved by modernising practices. This is one of the crucial means for achieving a productivity leap in public administration. Digitalisation is a cross-cutting theme in the Government strategy. Principles for customer-oriented public services will be drawn up. The public sector as a whole will be encouraged to commit to automation and digitalisation of their practices.

### Key project milestones:



Achievements: 21.9.2017

- The **principles** of public service digitalisation have been adopted.
- A multiprofessional Digi-team D9 was set up in the State Treasury to provide government
  agencies with practical assistance in the building of inter-administrative, customer-responsive
  and user-friendly public digital services.
- The National Service Architecture (KaPa) services are in use, and their use is expanding.
- Legislation on support services for e-service use has been passed in the Parliament.
- 34 municipalities and one county are participating in the digital municipality experiment.
- The appropriation amounting EUR 100 million earmarked for the key project has been spent on **strategic funding for 15 major digital projects**, including the Incomes Register.
- Finland and Estonia have set up a joint institute to develop the X-Road technology used for the service channel.
- An advisory body was set up to facilitate digitalisation in daily life, and a project known as AUTA was launched to assist customers in e-service use.

- A **roadmap for e-services** will be implemented between 2017 and 2021. As one element of the roadmap, the use of electronic mailboxes as the primary address will be introduced in 2018. The roadmap will be completed in June 2017.
- In autumn 2017, the National Service Architecture will introduce a new Suomi.fi online service.
- A new **information management act** will be drafted. The government proposal is due to be adopted in spring 2018, and the act due to enter into force on 1 January 2019.
- A **new model for steering** investments and coordinating central government digital projects will be introduced.
- The key project will proceed in close cooperation with the central government reform and the key project on better leadership and implementation.
- The **roadmap for e-services** will be implemented **as a priority** between 2017 and 2021. To be completed in June 2017.
- The creation of digital ecosystems will be accelerated by means of an **ecosystem forum model**. A two-year programme to support the digitalisation of both public and private services.
- The **digital municipality experiments** will be completed and their results will be spread in the municipalities.

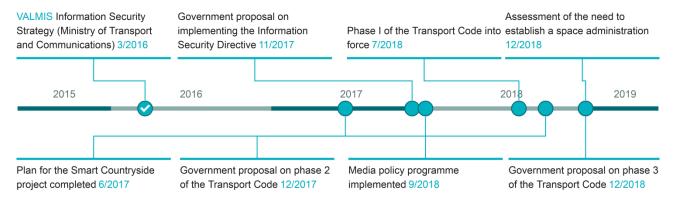
### **Key project 2:**

### Growth environment for digital business operations

Anne Berner, Minister of Transport and Communications

The objective is to create a favourable operating environment for digital services and new business models. In this key project, a regulatory and operating environment will be created that fosters innovation and new services. Big data and robotisation will be leveraged to create new businesses and practices. Information security will be ensured, and its potential as a competitive advantage will be exploited.

### **Key project milestones:**



21.9.2017

### **Achievements:**

- An Information Security Strategy has been adopted, and it is being implemented.
- A **broadband** action plan has been prepared. It includes the development of the fast connection speeds required for the Internet of Things and promotion of 5G.
- The Act on Transport Services (phase one of the Transport Code project), which promotes
  digitalisation and opens the transport market, has been adopted. Parts of it will enter into
  force on 1 January 2018 and parts on 1 July 2018. This act, which provides access to essential
  information on mobility services, will enable seamless transport service chains and new digital
  services for transport.
- The transport network report (LIVE) laid the foundation for new funding models for the
  transport infrastructure and sustainable development. The new funding model reports
  considered the possibilities to use customer funding and a 'service operator model' to finance
  infrastructure projects. A parliamentary working group was appointed to continue
  investigating the financial resource matters related to transport.
- Government resolutions have been adopted on intelligent automation and robotisation. They
  are being implemented by the ministries and administrative branches. The Ministry of
  Transport and Communications has drafted and is implementing a roadmap on transport
  automation.
- The measures for using **big data** and **My Data** are being implemented in keeping with the government resolution.
- The Northeast Passage cable project will be fast-tracked on the basis of a completed report.

- Actions to improve broadband connections and well-functioning services will continue.
- A **Smart Countryside project** will be implemented, which will promote new operating models relying on digitalisation, especially in rural areas. The plan is to be completed in June 2017.
- An **Oulu-Helsinki submarine cable** will be planned, and an implementation plan and funding proposal for the cable will be prepared.
- **Data economy** will be promoted as a resource for transport.
- A development plan will be formulated to enhance **logistics and the transport sector** as well as port digitalisation (by autumn 2018).
- A **media policy programme** aiming to ensure media pluralism in Finland will be drafted. The programme will contain a report and shorter-term measures to improve the operating conditions of the Finnish media. The report and measures due to be launched in June 2017, programme due to be implemented by autumn 2018.
- An action plan on efficient use of **satellite navigation** in Finland for 2017–2020 will be drafted.
- The needs to establish a **space administration** will be assessed, in particular to promote small-scale satellite activities (during 2018).

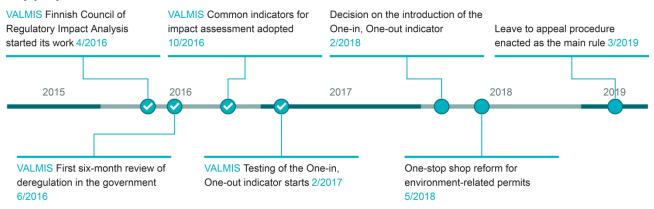
### Key project 3:

### Streamlined legal provisions

Minister of Transport and Communications Anne Berner

The objective is to create enabling regulation, promote deregulation and reduce the administrative burden. The everyday lives of citizens will be made easier, competitiveness will be boosted, and market access and digitalisation will be promoted.

### Key project milestones:



Achievements: 21.9.2017

- Citizens' everyday lives have been made easier by deregulating shop opening hours, increasing the availability of e-services and enabling the commissioning of vehicles of a new type.
- The operating conditions for companies were improved by removing barriers to offering employment, simplifying the authorities' procedures and opening markets.
- Administration was streamlined by digitalising the authorities' procedures, by introducing
  notification procedures in certain permit processes, and through structural reforms in public
  administration.
- The service pledge associated with permit and appeal processes has been endorsed.
- Measures to minimise inter-authority appeals have been launched. For example, the right to appeal of Centres for Economic Development, Transport and the Environment has been restricted to issues of national and regional impacts.
- The Finnish Council of Regulatory Impact Analysis was appointed for the term 15 April 2016— 14 April 2019. The purpose of this Council is to improve the quality of impact assessments of government proposals and the culture of law drafting.
- In order to create **indicators** for deregulation, a trial of the One-in, One-out principle was launched in the administrative branches of the Ministry of Agriculture and Forestry and the Ministry of Economic Affairs and Employment in 2017. The goal is to ensure that the financial burden imposed by legislation on business life and agriculture will not increase.

### Towards the end of the government term, measures will focus on the following themes:

### 1. The housing market, construction and infrastructure

- Reform of the housing subsidy system
- Update of statutes on construction and zoning
- Overhaul of the land use and building legislation
  - Zoning, permit and appeal procedures
  - Developing the state guarantee system for owner-occupied dwellings
  - A considerable reduction in the number of decrees issued by virtue of the Land Use and Building Act

### 2. Boosting competitiveness

- Reform of the pharmacy system and medicine services
- Energy market overhaul
- Waste legislation reform
- Fast-tracking in permit procedures
- Promoting the use of industrial wastes
- Reform of the Limited Liability Companies Act

### 3. Streamlining measures to support employment

- Working Hours Act reform
- Enforcement Code (removal of incentive traps)

### 4. Food industry and food supply

- Food legislation overhaul
- Food distribution channels

### 5. Administration

- Acceleration of e-invoicing in public administration
- Introduction of e-receipts
- Simplification of the regulation on and taxation of voluntary activities
- Money Collection Act reform
- Reform of the business subsidy system

### 6. Other deregulation projects

- Reform of vocational education and training
- Alcohol legislation update
- Comprehensive reform of the Road Traffic Act
- Overhaul of the Private Roads Act
- Reforms under phases II and III of the Act on Transport Services and implementation of the act
- Amendments to the Code for Information Society and Communications Services
- Review of the bankruptcy legislation
- Comprehensive reform of legislation on private healthcare and social services
- The current permit and notification procedures will be dropped, and provisions on a service providers' registration procedure will be enacted
- Taxation procedures will be harmonised and simplified, and the filing of e-returns will be promoted.

In order to **streamline permit and appeal processes**, the following measures will be implemented between 2017 and 2019:

- Implementing one-stop shop services for environment-related permits (environmental permit, water permit, derogations under the Nature Conservation Act, land extraction permit, building permit): spring 2018
- Preparations for the introduction of leave to appeal procedures in the sphere of environmental legislation (Environmental Protection Act, Water Act, Land Extraction Act and Nature Conservation Act) in April 2017
- Provisions under which the leave to appeal procedure will be applied as a main rule when appealing decisions made by an administrative court of first instance to the Supreme Administrative Court: due to enter into force in March 2019
- A new administrative judicial procedure act (streamlined and faster processing of appeals, requirement of leave to appeal as a main rule, simplification of the notification procedure and impacts on minimising the number of inter-administrative appeals).

### **Additionally**

- The service pledge that was endorsed for permit and appeal processes will be taken into use by December 2017.
- Use of e-services will be promoted, and authorities' procedures will be digitised.
- Permit procedures will be replaced by notification procedures as far as allowed by EU legislation.
- The use of statements from the Finnish Council of Regulatory Impact Analysis when assessing the impacts of government proposals will be implemented in practice.
- More extensive use of the One-in, One-out principle in law drafting will be assessed by February 2018.

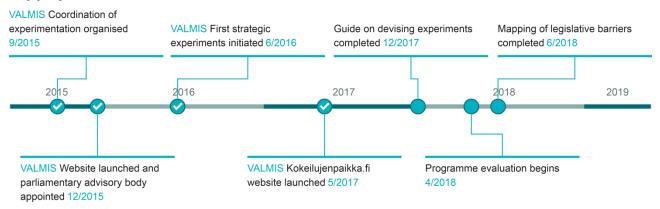
### **Key project 4:**

### A culture for experimenting

Minister of Local Government and Public Reforms Anu Vehviläinen

Innovative solutions, improvements in services, promotion of individual initiative and entrepreneurship, and strengthening of regional and local decision-making and cooperation drawing on citizen-centred practices will be sought through experiments.

### **Key project milestones:**



21.9.2017

#### **Achievements:**

- To promote experimentation, an Experimental Finland team has been set up in the Prime Minister's Office, and a parliamentary advisory board has been appointed.
- The Beta version of the Prime Minister's Office's **Kokeilunpaikka.fi (Place to Experiment) platform** was commissioned in March 2017 and launched in May 2017.
- A number of broad-ranging **strategic experiments** are under way, including a basic income experiment, a freedom of choice experiment and a digital municipality experiment, and progress towards starting others is being made (including language-related experiments).
- Experimental Finland tour in cooperation with universities of applied sciences between 2016 and 2017. The tour will visit all counties.

- Experiments relevant to the circular economy, artificial intelligence and employment will be
  prioritised. Experimenting will be supported through the Kokeilunpaikka.fi platform and smallscale funding for experiments. For this purpose, an appropriation totalling EUR 2 million has
  been granted (supplementary budget 2016).
- Legislative obstacles to experimentation will be identified by December 2017 and by June 2018, and a specific guide on devising experiments will be prepared, due to be completed in December 2017. In this context, the possibilities for law drafting that is more flexible than usual will be assessed (fast response drafting team, fast lane).
- The implementation of the basic income experiment will be monitored and evaluated.

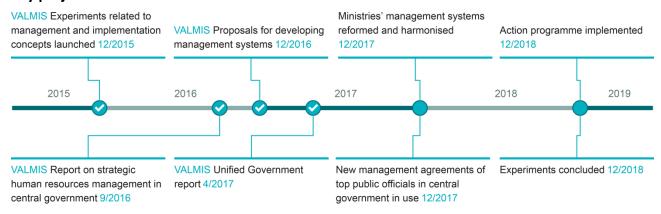
### **Key project 5:**

### Better leadership and implementation

Minister of Local Government and Public Reforms Anu Vehviläinen

Government and central government leadership processes will be harmonised with the Government's strategy work. Knowledge-based management and implementation reaching across administrative branches will be strengthened.

### Key project milestones:



Achievements: 21.9.2017

- The Government's development group completed its report (Tiitinen's group) in April 2017 (Unified Government created through cooperation and coherence. Publications of the Ministry of Finance 15/2017).
- A report by the State Treasury on central government HR management was completed in September 2016 (Joint policy for improving HR management and expertise of a digital state).
- The project group on developing the **ministries' management systems** completed its proposals in December 2016. HAUS Finnish Institute of Public Management has launched a joint management group training programme for the ministries.
- A management agreement model and procedures have been created for the top public officials in central government.
- Two pilots of the 'Manager of the Future' programme have been carried out, on the basis of which the programme was updated for 2017.
- Government agencies have started implementing their service pledges.
- The Work 2.0 project has prepared tools, practical models and best practices for revamping the ways of doing work and developing working environments in central government.

- Based on the results of Tiitinen's working group, the State Treasury's HR report and information generated by the other measures under the key project, decisions will be made on continuing key project implementation.
- The key project will proceed in close cooperation with the central government reform and with the key project on the digitalisation of public services.
- Conditions for nature tourism will be improved as part of the Tourism 4.0 project (see Competitiveness).

### 6. REFORMS

### **GOVERNMENT-TERM OBJECTIVE**

The Government will strengthen the sustainability of public finances through the structural reforms npresented below. These solutions aim to generate economic effects totalling at least EUR 4 billion. Before the legislative proposals are submitted and implemented, the effects sought through the reforms will be assessed.

# at least EUR 4 billion impacts

### **REFORMS**

1 Health and social services reform



Reduction of costs in municipalities, regions and across the entire public sector



**3** Municipality of the future



Regional government reform



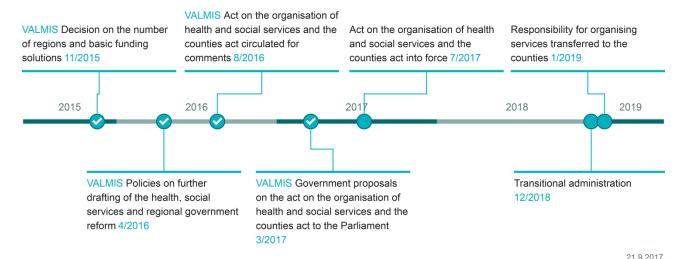
**5** Central government reform



Minister of Family Affairs and Social Services Juha Rehula

The objective is to transfer the responsibility for organising public health and social services from local authorities to larger autonomous regions (counties). The reform comprises a horizontal and vertical integration of the services. The aim is to create seamless service chains for the provision of health and social services that play a key role for the wellbeing of people. The reform will narrow down differences in health and wellbeing among the population and bring costs under control.

### **Key project milestones:**



### **Achievements:**

- A government proposal on the health, social services and regional government reform
  has been adopted. The government proposes that a counties act, an act on organising
  health and social services and a joint implementing act for these two acts be passed. The
  government proposal includes a proposal on an act on the financing of the counties as well
  as proposals on amending the legislation on local government financing, taxes, local
  government and county personnel, and proposals on amending some acts on general
  administration.
- Preparations for national ICT service centres have been initiated. The provision of ICT services
  for the counties will be centralised in a national ICT service centre, or subjected to competitive
  bidding by a national joint procurement unit. ICT services can also be provided in cooperation
  between the counties, or between counties and municipalities.

- A government proposal on a freedom of choice act is due to adopted in May 2017. This act is due to enter into force on 1 January 2019.
- The act on organising health and social services and the counties act are due to enter into force in July 2017.
- Responsibility for organising the services will be transferred to the counties in January 2019.

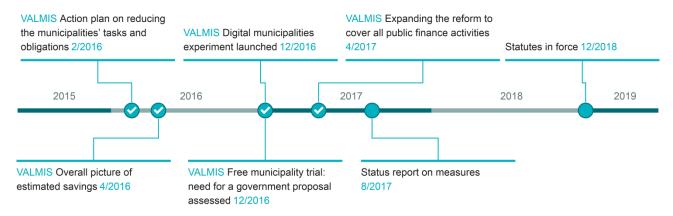
### Reform 2:

### Reduction of costs in municipalities, regions and across the entire public sector

Minister of Local Government and Public Reforms Anu Vehviläinen

The objective is to reduce the costs in municipalities, regions and across the entire public sector by a total of EUR 1 million.

### Key project milestones:



Achievements: 21.9.2017

- An action plan on reducing the municipalities' tasks and obligations was completed.
- A digital municipality experiment was launched, and a report on its savings and productivity was completed.
- The Government has updated and expanded this reform to cover all public finance activities. The reform extends until 2029. Further drafting will address the following themes:
  - Reducing municipalities' tasks and obligations (estimated potential for savings EUR 370 million)
  - An incentive system related to expenditure in municipalities' operational finances (EUR 100 million)
  - Public sector facilities programmes (EUR 50 million in central government, EUR 100 million in municipalities)
  - Digitalisation of local and central government (EUR 100 million in municipalities, EUR 100 million in central government)
  - Central government productivity savings (EUR 100 million)
  - General productivity savings (EUR 100 million)

- The adopted policies will be implemented as fast as possible. The Government will keep a close
  eye on the preparation of the measures. The following estimate will be produced in August
  2017.
- The **legislative amendments** on reducing the municipalities' tasks and obligations will enter into force at the latest in December 2018.

## **Reform 3:** Municipality of the future

Minister of Local Government and Public Reforms Anu Vehviläinen

The objective is to define the municipalities' role, status and tasks and their relationship with the counties to be established. The aims also include reforming the system of central government transfers for basic public services.

### **Key project milestones:**



Achievements: 21.9.2017

- A parliamentary working group published a mid-term report on scenarios and visions for the municipality of the future for 2030 (February 2017).
- A book titled Tulevaisuuden kunta ('Municipality of the Future') produced in cooperation by the University of Tampere, the Association of Finnish Local and Regional Authorities and the Ministry of Finance was published in March 2017.

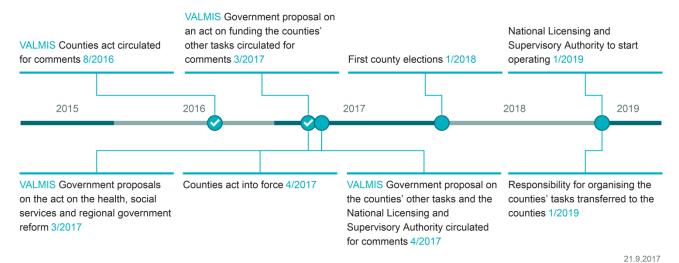
- The parliamentary working group will continue its work (evaluate feedback from actors in the field, produce a final report and identify needs to amend legislation).
- A report on dual municipal residency among other things will be produced, launched in spring
   2017
- The requisite **legislative amendments** are to be submitted to the Parliament in 2018.

### **Reform 4:**Regional government reform

Minister of Local Government and Public Reforms Anu Vehviläinen

The objective is that regional state administration and county administration will be coordinated and the organisation of public regional administration will be simplified (central government, regions and municipalities).

### Key project milestones:



### **Achievements:**

- A government proposal on the health, social services and regional government reform was submitted to the Parliament in March 2017.
- Government proposal for an act on funding the counties' other tasks was circulated for comments in March 2017.
- Government proposal on the counties' other tasks and the Government Agency for Permits and Supervision was circulated for comments in April 2017.
- Initial preparations for the counties are under way.

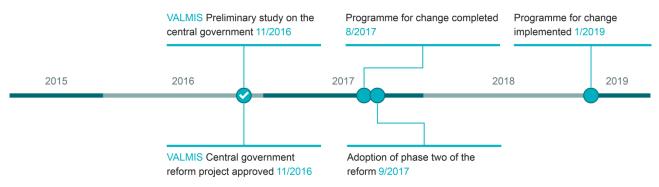
- The **counties act** is due to enter into force in early autumn 2017.
- The remaining government proposals concerning the regional government reform will be submitted to the Parliament in early autumn 2017.
- Interim government of the counties due to start in early autumn 2017.
- The first **county elections** will take place in January 2018.
- County councils will start their work on 1 March 2018.
- Responsibility for organising the counties' tasks due to be transferred to the counties on 1
  January 2019.
- The Government Agency for Permits and Supervision is due to start operating on 1 January 2019.

### **Reform 5:**Central government reform

### Minister of Local Government and Public Reforms Anu Vehviläinen

The objective is to create a central government with a clear structure, steering and management systems, with a capability for change and risk management, and with customer-responsive, primarily electronic services. The big picture will be managed across administrative and sectoral boundaries. The focus will be on developing a functionally coherent Government and government practices as well as utilisation of cross-administrative entities and digitalisation, and the management and renewal of activities that this will enable.

### Key project milestones:



21.9.2017

### **Achievements:**

- Central government preliminary study November 2016
- Central government reorganisation project was approved in November 2016. The
  formulation of the programme for change was launched. The programme for change brings
  together development efforts, particularly in the health, social services and regional
  government reform and key projects on digitalisation and management.

- The programme for change will be implemented in inter-administrative cooperation between ministries and agencies. The implementation phase will be initiated in autumn 2017, and the changes due to be realised by early 2019.
- The reform project will go ahead in close cooperation with the key projects on better leadership and implementation and the digitalisation of public services.

### 7 LINCHPIN PROJECTS OF THE GOVERNMENT

### **Project 1: Government Report on Finnish Foreign and Security Policy**

- Approved in June 2016.

### Project 2: National programme implementing the global Agenda for Sustainable Development

- Government report on the global 2030 Agenda for Sustainable Development was approved in February 2017.

### Project 3: Finland's Development Policy Programme, including common objectives with the global Agenda for Sustainable Development

- Government report: Finland's Development Policy Programme was adopted in February 2016.

### **Project 4: Defence Report**

Approved in February 2017.

### Project 5: Implementation of the Defence Forces' strategic capability projects

- Project on replacing the Navy's combat vessels: launched in 2015. The ships and the battle system will be procured separately. Investment decisions will be made in 2018.
- Project on replacing the capabilities of the Hornet fleet: launched in 2015, calls for tenders to be sent out in April 2018. Investment decision will be made during the following government term in 2021.

### **Project 6: Update of the Strategy for the Arctic Region**

- Government policy on update priorities was adopted in September 2016. Action plan for strategy update was completed in March 2017.

### Project 7: Cybersecurity safeguards citizens' everyday lives and fosters business growth

- The cybersecurity report was completed in February 2017.
- Action plan for implementing the Cybersecurity Strategy for 2017–2020 completed in April 2017.

### Project 8: Legislative basis for cross-border intelligence and telecommunications intelligence

- Initiated in October 2015. Reports completed in April 2017. Government proposals will be submitted to the Parliament in the autumn session 2017 following circulation for comments.

# Project 9: Implementation of the reform programme on administration of justice, including the structural reform of district courts, the merger of the supreme courts, and the National Courts Administration

- Implementation launched in 2013, to be completed in 2025. Programme implementation during this government term was reviewed in summer 2016. The majority of the projects are being prepared, and some have been completed.
- Government proposal on reforming the district court network was submitted to the Parliament in January 2017.

### **Project 10: Government Report on the Future**

To be completed in two phases in 2017 and 2018.

### **Project 11: Government Report on Internal Security**

- Approved in May 2016.





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