

Summary: Finland's Report on the Implementation of the New Urban Agenda

Emma Hannula, CEO, Finngroup Consultants



Contents

1.	Par	t 1	3
	1.1.	Social Inclusion and Ending Poverty	3
	1.2.	Access to Adequate Housing	5
	1.3.	Access to Basic Services	7
	1.4.	Inclusive Urban Economy	9
	1.5.	Resilience, Mitigation and Adaptation of Cities and Human Settlements	11
	1.6.	Sustainable Management and Use of Natural Resources	13
2.	Par	t 2	15
	2.1.	Building Governance Structure: Establishing a Supportive Framework	15
	2.2.	Planning and Managing Urban Spatial Development	17
	2.3.	Mobilization of Financial Resources	19
	2.4.	Capacity Development	21
	2.5.	Information Technology and Innovation	24
3.	Par	t 3	26
	3.1.	Follow up and Review	26



1. Part 1

1.1. Social Inclusion and Ending Poverty

Poverty in Finland: 0% of the population under the international poverty line

- Right to social security in the constitution: right to indispensable subsistence
- Absolute poverty experienced only by people outside the social security
- Relative poverty: unemployment, single/single-parent status, 1/6 at risk of poverty or exclusion, permanent poverty-pockets in the capital region

Recent means to combat poverty: increase in basic security and small pensions in 2020, parliamentary committee to reform the social security system, in-official food aid

Segregation in Finland: limited but increased in the recent years

 Concerns: exclusion of young people, inheritance of welfare gaps/education, concentration of disadvantage in certain areas

Prevention of inequality: free basic education/upper secondary education, mixing forms of housing management, provision of affordable housing, improving living environments/ communality, housing policy linked to social security/housing allowance, national/city-level development programmes, collective agreements and progressive taxation, active civil sector

Social inclusion of vulnerable groups:

- Act on Non-Discrimination (Act No. 1325/2014): public/private activities
- Act on Equality between Women and Men (609/1986)
- · Non-Discrimination Ombudsman: autonomous authority to receive complaints
- Accessibility: MoE's action plan on housing for older people (2020–2022)
- The Convention on the Rights of Persons with Disabilities Act No. 373/2015
- Integration of Immigrants: Act on the Integration of Immigrants (1386/2010), national project to transfer employment services from the state to the municipalities, Lähiöohjelma (2020-2022) to develop the suburbs of the largest cities

Poverty in Finland

According to the official statistics (Statistics Finland, National SDG Indicators), the proportion of population below the international poverty line in Finland in 2020 was 0 %. However, there is relative poverty, economic inequality and exclusion in Finland that is linked in particular to unemployment and to family structures e.g., to living alone or being a single parent. One in six Finns lives at risk of poverty or exclusion, but only a few percent suffer from direct material deprivation. However, the number of long-term poor people has increased in recent decades and the number of households with no income has doubled over the last decade.

The constitution of Finland provides for the right to social security, which includes e.g., the right to indispensable subsistence. Thus, absolute poverty is experienced especially by people who are outside the public social security. The open visibility of poverty on the streets of the largest cities is a new phenomenon. Persons without a residence permit waiting for deportation are also people falling between two stools in the social security system. Additionally, there are permanent "poverty pockets" formed in the suburbs of the capital, and not all suburbs and their inhabitants have been able to participate in economic development.

The relative reduction in primary benefits compared to social assistance led to an increase in the need for social assistance in 2015–2019. Other factors that have exacerbated poverty are e.g., the level of unemployment benefit and labor market support that is low by European standards, the healthcare customer fees that are high by European comparison and the high housing costs in the largest cities.

A general increase in the level of basic security benefits and small pensions was made as of 1 January 2020, and an index adjustment practice was resumed. A parliamentary committee has been appointed by the government to reform the social security system. In the health and social services reform, basic-level services



will be strengthened, and the focus will be shifted to preventive work. Additionally, the regular food aid distribution, which began in the 1990s, has established its existence, although not as a systematic operating model or as part of the social security system.

Prevention of inequality and segregation in the urban areas

In international comparisons, the internal social segregation within Finnish cities is limited. However, the socioeconomic and ethnic segregation has increased in the recent years, especially in the largest cities.

Free access to basic education and upper secondary education level out polarisation, but for example, school choices have accelerated the concentration of disadvantage in certain areas. The inheritance of education, and the educational, economic, and other resource differences among families have increased in the 2000s. Particular concerns in Finland have been the exclusion of young people and the inheritance of welfare gaps.

Efforts have been made to curb urban inequality by mixing forms of housing management, investing in the provision of affordable housing, promoting resident inclusion and communality, and improving living environments. In Finland, housing policy is closely linked to social security and housing allowance, which enable independent housing for low-income people.

There have been efforts to prevent the development of segregation through extensive national programmes specifically targeted at the largest cities, and through the cities' own suburban and other development programmes. Collective agreements and the progressive taxation, which curb differences in salaries, and an increase in the employment rate of vulnerable people, have also played a key role in reducing segregation. Additionally, there are approximately 11,000 social welfare and health organizations operating in Finland.

Social inclusion of vulnerable groups

A revised *Act on Non-Discrimination (Act No. 1325/2014)* entered into force in Finland in 2015. It prohibits discrimination on the following grounds: age, origin, nationality, language, religion, belief, opinion, political activity, trade union activity, family relationships, state of health, disability, sexual orientation, or other personal characteristics. The Non-Discrimination Act applies to both public and private activities. Together with *the Act on Equality between Women and Men (609/1986)*, it creates a framework for action against discrimination and for equality and inclusion. In terms of fostering gender equality, Finland is one of the world's leading countries. The obligation in both Acts to plan measures to promote equality are applicable to cities as authorities, providers of education, and as employers. Additionally, the *Non-Discrimination Ombudsman*, an autonomous and independent authority, has been established to receive complaints from persons who have experienced discrimination.

An important focus for municipalities is the promotion of accessibility. The Ministry of the Environment has launched a three-year action plan on housing for older people (2020–2022), the aim of which is to support the development of housing conditions for the elderly and age-friendly living environments. The Convention on the Rights of Persons with Disabilities is enacted by law: Act No. 373/2015.

The integration of immigrants is regulated by the *Act on the Integration of Immigrants (1386/2010)*, which sets out responsibilities for municipalities. The current *Government Integration Programme*, coordinated by the Ministry of Economic Affairs and Employment, promotes integration at the national level. Access to gainful employment is a challenge for immigrants and ethnic minorities in Finland. While the responsibility of promotion of employment is with the state, a national project was initiated in 2021, where employment services of i.a. immigrants, persons speaking foreign languages and all jobseekers under 30 years, will be taken over by larger municipalities. Additionally, the Ministry of the Environment coordinates a programme called *Lähiöohjelma* in 2020-2022 to develop the suburbs of the largest cities i.a. to prevent segregation.

Sources: Sakari Kainulainen, Adjunct Professor, Diaconia University of Applied Sciences; Ritva Liukonen, Senior Specialist, Ministry of Social Affairs and Health; Soile Kuitunen, Managing Director, Rehabilitation Foundation; Kristina Stenman, Non-Discrimination Ombudsman, Office of the Non-Discrimination Ombudsman; Kaisa Mäkelä, Senior Ministerial Adviser, Ministry of the Environment



1.2. Access to Adequate Housing

Housing market: high home ownership rate, drop of the average house size in the last decade, housing prices increased in main urban areas and stagnated/decreased in other areas

Security of tenure: general protection of property in the constitution

- Right to legally dispose of the property e.g., land lease strong rights of the tenant
- Property can be expropriated for public needs against full compensation

Housing policy: constitution - duty of authorities to promote everyone's right to housing

- Government programme and municipal land use planning to promote sustainable housing
- Land use, housing, and transport (MAL agreements) since 2010 e.g., to provide sufficient land
 use volume to secure diverse and affordable housing solutions, prevent segregation and
 polarisation, and reduce homelessness

Housing finance: primarily from the financial markets - relatively easy to access

- State has a complementary role: Support e.g., through the Housing Finance and Development Centre of Finland, ARA, and housing allowances for residents in difficult financial circumstances
- Dwellings subsidized by municipalities: interest subsidy loans for social rental dwellings

Homelessness: decreased continuously since 2013

- Housing First principle (past decade)
- National programs to tackle homelessness e.g., ARA investment grants for apartments for longterm homeless people

The state of the housing market in Finland

Home ownership rates are high in Finland. Expectations to move to homeownership reached a record high in 2020, possibly because of the Covid-pandemic. However, while within the main urban regions housing prices have continued to increase, many of the middle-sized cities have witnessed stagnation and large areas have seen housing values drop.

One major change in housing development within urban areas during the last decade has been the drop of the average size of the housing units for example from average 80 to 90 m2 to average 44m² to 57m² in the Helsinki metropolitan area.

Security of tenure

The corner stone for the security of tenure is the general protection of property that is provided for in the *Constitution of Finland (731/1999)*. The possession of land is based on private ownership in Finland. Real estates are registered in an electronic cadastre. All titles, mortgages, and special rights, e.g., rights of land lease, are registered in the electronic land register. The state, municipalities, and private citizens, as well as companies and other corporations have the same rights and legal protection when they are in the position of an owner of real estates. There is also a *right to legally dispose of the property*: The owner of the property can convey the property, raise lien over it or by way of contract establish so called limited property rights concerning the property. The most important of this kind of *special rights* is land lease. The legal status of the tenant can be compared in many respects to the legal status of the owner.

Nobody can be deprived of his or her ownership without legally acceptable grounds. However, property can be expropriated for public needs and against full compensation. The expropriation procedure is strictly prescribed in law. Additionally, there can be restrictions e.g., based on environmental legislation concerning the use of property. Town plans can contain restrictions on the use of land, too.



The Finnish housing policy and integration of housing into urban development plans

Equality and the development of the standard of living is guided by the legislation and other normative guidance. According to the Constitution of Finland (section 19), it is the duty of public authorities to promote everyone's right to housing, and to support attempts by individuals to find housing on their own initiative.

The current government programme (2019-2023) includes various measures to promote sustainable and climate-friendly housing. Municipalities and cities have also a key role in promoting sustainable housing e.g., as the largest owners of rental housing and as providers of land, infrastructure, and other services for housing schemes. Municipalities have a monopoly on town planning on their own territories and have a central role in impacting land use e.g., the amount of housing and type of housing.

Since 2010, Finland has been using an agreement procedure between the central government and municipalities in urban areas on *land use, housing, and transport (MAL agreements)*. The aim of the agreements is to promote sustainable development of the urban structure based on climate change mitigation and adaptation, provide sufficient land use volume to secure diverse and affordable housing solutions, prevent segregation and polarisation, and reduce homelessness.

In 2016-2021, the MAL contract procedure has concerned the four largest urban areas (Helsinki, Tampere, Turku, and Oulu). Since 2021, three new urban areas have joined covering now an area where 55% of Finnish residents live. In the agreements, the state allocates both steering and financial support to urban regions.

Housing finance

Housing finance comes primarily from the financial markets. It is relatively easy for households to obtain loans for homeownership and home ownership is also supported in many ways. First-time homebuyers are for example exempted from property transfer tax and there is a loan scheme called *ASP* savings and loan scheme designed for young first-time homebuyers, where the bank is committed to grant a loan once the customer reaches their down payment saving target.

The state has a complementary role in supporting both home ownership and rented housing. The *Housing Finance and Development Centre of Finland, ARA* e.g., grants interest subsidies, other subsidies and grants and provides guarantees for loans taken out to finance the construction, acquisition, or renovation of housing for rental purposes, and controls and supervises the use of the ARA housing stock. In addition, dwellings are typically subsidized by municipalities. Dwellings financed by interest subsidy loans are to be used as social rental dwellings. Tenants must in this case be selected based on social appropriateness and financial need.

Housing allowances are paid to help residents in difficult financial circumstances to meet their housing costs related to rented or owner-occupied housing. In 2019, 2 135,5 million euros were paid as housing allowances. *Homelessness in Finland*

For the past decade, homelessness has been managed according to the *Housing First principle*, in which homeless people first receive housing and only then are other support measures considered. There have been several national programs to tackle homelessness. For example, during the last decade national ARA investment grants have been used to build 2,200 apartments for long-term homeless people. These investment grants have enabled a systemic change from temporary accommodation in shelters and hostels into more permanent housing. Also, housing advice services have been added. Thus, homelessness has decreased continuously since 2013.

Sources: Mari Vattovaara, Professor of Urban Geography, University of Helsinki; Sakari Kainulainen, Adjunct Professor, Diaconia University of Applied Sciences; Liisa Meritähti, Senior Specialist, Ministry of the Environment of Finland; Kari Niemi, Chief Expert, National Land Survey of Finland; Kaisa Mäkelä, Senior Ministerial Adviser, Ministry of the Environment



1.3. Access to Basic Services

Water and sanitation: 90% of population uses centralised water supply 75% centralised sanitation

- Implementation in the Water Services Act 119/2001, acquisition in the Water Act 587/2011 and treatment in the Environmental Protection Act 527/2014
- ELY centres responsible for the regional development and supervision; municipalities for organisation and development; and the water service utility for implementation and operation of water supply
- Average cost of water and sanitation €6/cubic meter for individuals

Solid waste management: waste legislation undergoing a reform - aim to recycle 65 percent of municipal waste by 2035

- Waste holder responsible for organising and paying for their waste management; municipalities
 for the management of household waste through waste management companies; ELY centres
 for supervision and use of waste materials in other industries
- The waste management market offers sorting at the source of waste, separate collection, delivery to recycling and use for energy - most of the waste used as energy, only around 1% disposed in landfills

Information Communication technology: challenge to offer equal digital opportunities to all due to sparse population has evened out - 95% of the population use public digital services

Public transportation: 36 local authorities - several operators in large cities

- Public funding covers 1/3 of funding heavily subsidised in large cities
- The Act on Transport Services: regulatory reform to enable digitalisation and innovations
- National Transport System Plan 2021-2032 + 12-year government funding programme: servicisation of mobility including MaaS, walking and cycling
- Investment programme for walking and cycling: government transfers for infrastructure

Renewable energy: 37% of total energy consumption; 47% of final energy consumption

- 4/5 from wood, 8% hydroelectric power
- Economic, normative, and informative steering instruments for production/use

Water and sanitation

Approximately 90% of Finland's residents are covered by centralised water supply and about 75% by centralised sanitation. Most of the drinking water in communities is produced from groundwater and artificial groundwater. The wastewater generated is treated at wastewater treatment plants. Provisions on the implementation of water supply are laid down in the *Water Services Act 119/2001*, on the acquisition of water in the *Water Act 587/2011* and on treatment in the *Environmental Protection Act 527/2014*. The monitoring of the quality of domestic water and wastewater discharges complies with the EU directives.

The Centres for Economic Development, Transport and the Environment (ELY centres) are responsible for the regional development and supervision of water supply. Municipalities are responsible for organising and developing water supply in their areas. The water service utility is responsible for the implementation and operation of water supply in their area. Property owners or holders are responsible for the water supply of their property. The average cost of water and sanitation for individual customers is currently €6/cubic meter.

Solid waste management

According to the waste legislation, the waste holder is primarily responsible for organising their waste management and the costs of municipal waste management are covered by waste charges charged to residents and users. Joining the waste management system is mandatory for residents. Municipalities are responsible for the management of household waste through waste management companies that use the waste management services companies on the market as subcontractors. The waste management market offers services for sorting at the source of waste, separate collection, delivery to recycling and use for energy. Hazardous and non-usable waste can be disposed of in landfills (only around 1% in 2019). Most of Finland's solid municipal waste is used as energy in combustion plants.



Finnish waste legislation is currently undergoing a reform in relation to the implementation of the *waste legislation package* adopted in the EU in 2018. The aim of the reform is to recycle 65 percent of municipal waste by 2035, instead of the current around 43 percent. ELY centres supervise the waste recovery and disposal sector and the use of waste materials in other industries.

Safe and efficient public transport system and sustainable multimodal public transport systems including non-motorized options

The modal share of public transport is around 20% of total trips in the capital region and 10% in the other largest cities Tampere and Turku. Public transport is organised in Finland in accordance with the *EC regulation* 1370/2007 on public passenger transport services by rail and road. The 36 competent local authorities in Finland define the public transport service obligation in their region. In the largest cities there are several public transport operators. Public funding accounts for around 1/3 of public transport revenue and public transport is heavily subsidised in the largest cities.

The Ministry of Transport and Communications completed in 2021 a National Transport System Plan 2021-2032 including a 12-year government funding programme. Finland aims to boost servicisation of mobility including Mobility as a Service (MaaS) and walking and cycling through policy and legislative measures such as the Roadmap for fossil-free transport (2021). The Act on Transport Services has been a broad regulatory reform with the aim of enabling digitalisation and innovations. Cities have included sustainable transport targets and actions in their strategies and MAL agreements. The investment programme for walking and cycling supports municipal walking and cycling infrastructure projects through government transfers, that are also available for promotion programmes for walking and cycling and general mobility guidance. A new trend is the proliferation of city bike systems that were 18 in total in 2019.

Access to modern renewable energy

In 2016–2019, renewable energy production in Finland increased by about 10%. This represents 37% of total energy consumption and 47% of final energy consumption. The most significant renewable energy source is wood energy (by-products of the forest industry, solid wood fuels, logging residues and small wood), which produces about 4/5 of renewable energy. Hydroelectric power is the second most significant source of renewable energy with its share of more than 8%, and the most significant form of renewable energy production. Nearly 4/5 of renewable energy is used for heating, often for district heating. Around 1/5 of renewable energy sources is used for electricity production and the rest, about 4%, for transport.

The production and use of renewable energy are promoted by means of economic, normative and informative steering instruments that are also available for learning and technological development. There are many types of support systems and programmes in Finland, depending on the degree of maturity of the production or consumption technology. Prohibitions and regulations are in some contexts used for fossil energy. Obligations are used to ensure demand for e.g., biofuels.

Information Communication technology (ICT)

Finland is one of the leading countries of mobile usage in the world. There has been a challenge to offer equal digital opportunities for all especially in the rural areas due to the sparse population structure. However, the situation has evened out with the wide rollout of fibre and 4G in the recent decade and a new *state aid project* for broadband deployment was established in 2021 to increase coverage for all populated areas.

Many households in Finland have both a fixed and a mobile internet connection, and 45% of Finnish households have a mobile connection as their only broadband due to subscriptions with unlimited data and good mobile coverage. In 2020, fixed internet connections with download speeds of at least 30Mbps were available for 77%, fixed internet connections with speeds of 100Mbps or more for 65%, 4G with 100Mbps download speeds for 93% and 5G with the same speed for 67% of the Finnish households.



According to the European Union's *Digital Economy and Society Index (DESI)* Finland was on the fourth place in Europe in terms of the digitalisation of the public sector. The key to Finland's success is that 95% of the population use public digital services. Finnish cities also use ICT actively in providing city services.

Sources: Jyrki Lammila, Leading water management expert, ELY Centre for Southwest Finland; Annastiina Juvankoski, Senior Officer, ELY Centre for Uusimaa; Heikki Liimatainen, Associate professor, Transport research Centre Verne, Tampere University; Pekka Ripatti, Deputy Director General, Adj. Professor, Energy Authority; Marja Heinonen, Communications Market Specialist, Finnish Transport and Communications Agency; Kaisa Mäkelä, Senior Ministerial Adviser, Ministry of the Environment

1.4. Inclusive Urban Economy

Promoting employment: state-run TE Offices grant subsidies for promoting employment/starting a business and 3 types of unemployment benefits

- Youth guarantee since 2013: work/education/rehabilitation within 3 months
- Low-threshold service points e.g., Ohjaamo: multidisciplinary support for young people

SMEs: advisory/development/financial services from state, regional actors, and municipalities

Responsible business and innovation:

- National Action Plan on business and human rights (2014) + business activities regulated
- Innovation policy prepared by the Ministry of Economic Affairs and Employment
- Research and Innovation Council chaired by the prime minister
- Innovation support from the EU e.g., through the Horizon 2020
- · Ecosystem agreements between university towns and the government: RDI funding
- Government support to creative industries: roadmap for the creative economy (2019)

Technical and entrepreneurial skills:

- Strong Public-Private-People partnerships
- Traditional manufacturing industries experiencing a structural change towards servicisation
- Sustainability issues included in university and vocational education

Urban-rural linkages to maximize productivity:

- · Digitalisation/Covid-19 increased remote working: commuting supported by tax incentives
- · Circular economy/energy transition strengthen interaction between urban and rural areas

Promoting employment including youth employment

The state-run *Employment and Economic Development Office (TE Office)* can grant various subsidies for promoting employment and starting a business. There are three types of unemployment benefits in Finland: earnings-related allowance, basic daily allowance, and labour market subsidy.

Finland has implemented the idea of a *youth guarantee* since 2013, where an unemployed young person is offered work, education, or rehabilitation within three months of the start of unemployment, mostly using the public—private—people partnership model. A network of *low-threshold service points* has been created to support young people in a multidisciplinary manner and reduce sending them from one office to another. *Ohjaamo* for example is such a low-threshold service point offering the basic services of various administrative branches and an extensive cooperation network. The current government funds the development of Ohjaamo centre operations with €13 million through the *Sustainable Growth Programme*.

Small and medium-sized enterprises (SMEs)

There are many public services for SMEs available such as information and advisory services, development and financial services and services related to networking and the operating environment. The services are provided by the state, regional actors, and municipalities. In particular, the Ministry of Economic Affairs and Employment and the Ministry of Agriculture and Forestry are responsible for state services. The service providers in the regions are TE offices and ELY centres. Key actors in the largest cities to promote



entrepreneurship and (linked) employment are the cities' development companies. Business services for companies applying for international growth are provided as part of the Team Finland network, and for example, by Business Finland and the state's own specialised financing company Finnvera Plc.

Responsible environment for business and innovation

Finland was the fourth State in the world to publish a *National Action Plan on business and human rights* in 2014. The government has incorporated responsible business conduct into its state-ownership steering and key public financing instruments. The freedom to engage in business activities is secured as a fundamental right laid down in the constitution. Business activities are regulated in many ways. For example, there are conditions involving the general registration of business activities in the trade register and tax administration's registers, as well as accounting and auditing obligations.

The Ministry of Economic Affairs and Employment is responsible for preparing and implementing Finland's innovation policy that draws it strength from a wide field of sectors: traditional technologies, non-technological skills, digitalisation and services. The *Research and Innovation Council*, chaired by the Prime Minister, coordinates the development of Finland's innovation system. The EU is a significant innovation policy player, especially through its research and innovation programme *Horizon 2020*.

Ecosystem agreements will be drafted during the term of the current government with university towns including a strategic allocation (EUR 5 million) of public and private Research, Development, and Innovation funding. The agreements will contribute to the implementation of the *National Roadmap for Research and Innovation* and the *Export and International Growth Programme* that aim to build and strengthen globally competitive innovation-ecosystems in Finland. After the launch phase, the agreements will be financed with EU funding for sustainable urban development in 2021–2027.

The government implemented a *strategic project for creative economy* in 2008–2012. After that this work has continued mainly through structural fund programmes and through regions' and municipalities' own measures and grants. The creation of clusters of expertise in the largest cities has been supported, for example, in the audio-visual and gaming fields, by the cities' own development companies. In 2019, the current government's *roadmap for the creative economy* was drawn up.

Develop technical and entrepreneurial skills to thrive in a modern urban economy

In Finland, the public and private sectors alongside with the academia have successfully joined forces to develop measures to tackle the multifaceted challenges of sustainability through e.g., public-private-people partnerships. There are several best cases such as the *low-carbon roadmaps* conducted in 2020, where 13 industries prepared their sector-specific roadmaps in cooperation with the government.

Several traditional manufacturing industries have already experienced a structural change towards servicisation. New professions have emerged e.g., in renewable electricity generation and circular economy. Last years' rapid development has also revealed that skill shortages already constrain the transition to a greener economy. Most Finnish universities have sustainability courses or even full sustainable development programmes in their curriculum. In secondary vocational education all qualifications nowadays contain themes of sustainable development such as circular economy, digitalization, robotics, battery technology etc.

Strengthen urban-rural linkages to maximize productivity

The strengthening of digitalisation and communications technology increases remote working. By international standards, Finland significantly supports commuting between home and work through tax incentives. The COVID-19 pandemic boosts development and further increases interaction between the urban area and its neighbouring rural areas, peri-urbanisation, and multi-location that connects small rural centres outside the area affected by cities to the labour and education markets of large centres. The circular economy also affects urban-rural linkages. In the energy transition, decentralised energy systems based on renewable forms of energy strengthen the interaction between urban and rural areas.



Sources: Janne Savolainen, Chief Specialist, Ministry of Economic Affairs and Employment; Emma Hannula, CEO, Finngroup Consultants; Pertti Hämäläinen, Ministerial adviser, Ministry of Economic Affairs; Employment; Olli Voutilainen, Senior specialist, Ministry of Economic Affairs and Employment; Linda Piirto, Senior Advisor, Ministry of Economic Affairs and Employment; Sami Teräväinen, Senior Officer for Legal Affairs, Ministry of Economic Affairs and Employment; Petra Tarjanne, Ministerial Adviser at Innovation Department on Intangible Value and Digital Transformation, Ministry of Economic Affairs and Employment; Helena Soimakallio, Executive Director, Sustainable Development, Technology Finland; Mika Ristimäki, Senior Specialist, Ministry of the Environment; Mari Vattovaara, Professor of Urban Geography, Director of the Institute of Urban and Regional Studies, University of Helsinki

1.5. Resilience, Mitigation and Adaptation of Cities and Human Settlements

Urban sprawl and loss of biodiversity: land use planning guided on local and regional scale – "consolidating of urban form within existing infrastructure" (since 2000) + prerequisites for an integrated green network created at master plan level

- Urban sprawl weak in terms of outward expansion sprawl of urban functions is continuing
- Developing brownfield more common but developing greenfields inside urban areas still going on
- · Renewal of Land Use and Building Act: more concrete obligations for preserving biodiversity
- Reform of the Nature Conservation Act and Decree

Climate change mitigation and adaptation: based on e.g., the Paris Agreement, EU's emission reduction targets, the government programme (carbon neutrality in 2035), Climate Change Act, National Urban Strategy 2020–2030

- 78% of inhabitants live in cities committed to energy efficiency reductions
- ½ of municipalities strive for carbon neutrality by 2030, and 2/3 by 2035
- Majority of municipalities have local climate plans
- Climate funding: MoE's Municipal climate change solutions programme + Sustainable City programme, financial institutions, Business Finland's energy subsidies, ERDF, ARA centre, sector-specific funding from various ministries
- Adaptation planning focused on large cities adaptation integrated in duties of municipalities
- Preparedness for extreme weather events/disaster risk reduction in municipalities steered by Emergency Powers Act
- Flood Risk Management Act (2010): risks in municipalities + local Flood Management Groups
- Urban storm water management steered by the Land Use and Building Act

Reduce the impact of disasters and build resilience: security ensured through cooperation model for comprehensive security against threats models defined in the national security strategy

- Finland previously "disaster-free area" climate change has changed this
- Various tools developed to support adaptation e.g., Green Factor tool, Helsinki's priority order for stormwaters, blue-green factor
- Nature-based solutions integral part of Finnish urban planning

Address urban sprawl and loss of biodiversity

The urbanisation rate in Finland is 72% (2018) and city-regions cover 5% of the total land area. Land use planning is guided on the regional and local scale by national legislation and national land use guidelines (Ministry of the Environment, 2017), including the *consolidating of urban form within existing infrastructure* (since 2000). There is no administrative body to govern land use on the city-region scale and the so-called *MAL letters of intent* between the state and city-region municipalities are seen insufficient to solve all issues such as urban sprawl in the peri-urban municipalities.

There is no national strategy of "no new net land take" in Finland. Since 2008–09, urban sprawl has been weak in terms of outward expansion, but the sprawl of urban functions is continuing. Developing brownfield areas has become more common but developing greenfields inside urban areas is also still going on. In the 8 largest city regions in Finland, 61% of the new developments built in 2018-2020 were constructed in previously built-up areas, 5% in previous agricultural areas and 34% in previous forests or other natural areas.



Only 5% of conserved forests are in the most populated Southern Finland. A renewal of *the Land Use and Building Act* is under preparation (2018-2021). It will include e.g. more concrete obligations for preserving biodiversity and have a provision on a green structure network. The reform of the *Nature Conservation Act and Decree* has begun in 2020 with objectives to e.g., examine the possibility to use ecological compensation. Some municipalities have their own measures for preserving biodiversity. The growing amount of knowledge of identifying green infrastructure important for biodiversity in cities faces still challenges in implementation.

Climate Change mitigation and adaptation actions

The targets and measures for reducing emissions in Finnish municipalities and cities are based on, for example, The *Paris Agreement on climate change*, the *European Union's emission reduction targets*, the government programme (Finland carbon neutral in 2035), the new *Climate Change Act* in planning and the planning systems under the climate act, the *National Urban Strategy 2020–2030* and the *Implementation Programme of the Regional Cities Programme 2020–2022*.

Currently 78% of Finnish inhabitants live in cities that are committed to energy efficiency reductions. The yearly energy savings are 149 GWh and the investments for energy efficiency are 26 M€. Almost half of the Finnish municipalities strive for carbon neutrality by 2030, and nearly 2/3 by 2035 and majority have local climate plans. Climate work in municipalities and cities is largely based on voluntary action and networking.

The Ministry of the Environment's *Municipal climate change solutions programme* and the *Sustainable City programme* fund local and regional climate projects in 2018–2021. Municipalities and cities can also make use of many international sources of funding to promote climate work and at the national level responsible funding instruments of different financial institutions, energy subsidies from Business Finland and subsidies for innovative public procurement, ERDF funding, support from the ARA centre and sector-specific funding from various ministries.

Dedicated adaptation planning has so far focused on the largest cities. Adaptation aspects are, however, integrated in the duties of municipalities. Preparedness for extreme weather events and disaster risk reduction in municipalities is steered by the Emergency Powers Act and noted in the National Security Strategy for Society, the National Risk Assessment (2018) and the associated Regional Risk Assessments. ELY-centres are responsible for fluvial and coastal flood management. Municipalities manage flood risks in line with the Flood Risk Management Act (2010), participate in local Flood Management Groups and are responsible for urban storm water management that is steered by the Land Use and Building Act. The lack of regional climate risk information is one of the challenges municipalities are facing and the Finnish climate platform is currently being updated to tackle this.

Reduce impact of disasters/build resilience through infrastructure, spatial planning, nature-based solutions

Finland's security is ensured in accordance with the *cooperation model for comprehensive security*. In it, the vital functions of society are ensured through cooperation between the authorities, businesses, organizations, and citizens against threats models defined in the *national security strategy*. In Finland, the strong local government, trust, cooperation, and technology expertise help tackle disruptions fast. The most difficult disturbance in the recent years is the COVID-19 pandemic.

From a global perspective, Finland is a "disaster-free area". However, climate change has changed this setting e.g., with regards to heavy rainfall, storms, floods, changes in the intensity of snowfall, and the future rise in the sea level. The most significant flood risk areas have been identified by the Finnish Environment Institute (2018), and cities have taken precautionary measures through e.g., land use planning, flood dams and gates.

Growth is steered in urban areas by intensifying the urban structure, which may reduce greenery and thus the capacity to adapt to e.g., floods, storms, and extreme heat waves. Over the past ten years, the importance of strategic planning of green areas and network thinking have strengthened, especially in large cities. Various tools have been developed to support climate change adaptation at the local level such as the *Green Factor tool* for assessing local plans for sufficient green infrastructure, Helsinki's *priority order* for stormwaters, use of permeable surfaces, and the *blue-green factor* that is used to estimate the amount and quality of vegetation, surfaces, and possible stormwater structures and how they delay the stormwater. In Finnish cities, the



prerequisites for an integrated green network are created at the local master plan level and e.g., in Helsinki and Turku the target levels for green efficiency have been set for the entire city.

Nature-based solutions have become an integral part of Finnish urban planning and they have been promoted in cities at several planning levels, from strategies and local master plans to local detailed plans and implementation. Urban green infrastructure and its carbon sinks are an important part of the adaptation and mitigation strategies in climate programmes of several cities. Many cities have developed nature-based storm water programmes, green service programmes, green ceiling objectives and urban tree policies.

Sources: Heidi Huvila, Environmental Specialist, City of Helsinki; Pasi Rajala, Head of Master planning, City of Helsinki; Maija Tiitu, Researcher, Finnish Environment Institute; Olli-Pekka Pietiläinen, Program manager, Ministry of the Environment; Kirsi Mäkinen, Ministerial Adviser, Ministry of Agriculture and Forestry; Ari Korhonen, Security and Preparedness Specialist, AFLRA; Ranja Hautamäki, Associate Professor, Landscape architecture, Aalto University; Miimu Airaksinen, CEO and Managing Director, Finnish Association of Civil Engineers

1.6. Sustainable Management and Use of Natural Resources

Sustainable use of natural resources in public procurement:

- · Approx. 20 billion euros and 29 Mt raw materials procured by municipalities/year
- Circular procurement not yet systematic but has been realized e.g., in construction, transport, waste management, food, catering, textiles and IT equipment

Resource conservation and waste reduction, reuse, and recycling:

- First in the world to publish a national roadmap for the circular economy (2016)
- Strategic programme to promote a circular economy up to 2035 (2021): use of primary raw materials will not exceed the 2015 level in 2035
- National plastic roadmap and National Waste Plan 2030
- World Circular Economy Forum (WCEF) since 2017
- Since 2016, more than 100 circular economy projects municipalities and municipal waste companies facilitators of circular economy

Environmentally sound management of water resources and coastal areas:

- A maritime spatial plan (2017–2020): "blue growth" and the favourable state of the marine environment, prepared in extensive stakeholder cooperation, reconciles different needs for use while considering conservation needs, indicates significant ecological links
- Government's *Water Protection Program of 2019-2023:* 300 water restoration projects funded in urban water management focus is on reducing discharges of harmful substances

Smart-city approach that leverages digitization, clean energy, and technologies:

- All the biggest cities have adopted UN SDGs in their strategies
- Cities' smart city solutions with European cities through EU Smart City Lighthouse projects
- Smart city solutions being piloted in real city environments in different cities around Finland
- Helsinki-Uusimaa region nominated as the most innovative region in the European Union
- Helsinki ranked as the world's second smartest city in 2020 (IMD Smart city index)
- Helsinki hosts a yearly SLUSH Start-up Festival for start-ups, tech talent and investors

The sustainable use of natural resources in public procurement

Municipalities use annually more than 20 billion euros to procure goods, services and works. The raw material use by procurement and investments of municipalities and their associations was around 29 Mt in 2015. Although circular procurement is not yet a systematic way of procuring in municipalities, it has been realized e.g., in construction, transport, waste management, food and catering as well as in certain product groups such as textiles and IT equipment. The use of wood-based products has increased in building construction. In infrastructure projects recycled materials have been utilized. The recovery and more efficient circulation of nutrients has been realized through the procurement of biowaste and wastewater solutions. In the mobility sector, public procurement has promoted the use of biofuels. Also, car sharing has been made available.



Resource conservation and waste reduction, reuse, and recycling

Finland was the first in the world to publish a national roadmap for the circular economy in 2016 and in 2021, the government approved a strategic programme to promote a circular economy up to 2035, aiming that the use of primary raw materials in Finland will not exceed the 2015 level in 2035. A significant indication of circular economy cooperation has been the preparation of the national plastic roadmap. The National Waste Plan 2030 also supports recycling and circular economy.

The biggest obstacles to circular economy are the silo mentality and the old structures that support lineareconomy operating models. In 2018, the circular economy rate of materials was around 7%. The aim is to double the level, that compared to other EU countries, is weakened by the extent of mineral excavating.

Since 2016, more than 100 circular economy projects have been launched in Finland, as an example the *CIRCWASTE – Towards a circular economy* project. The Ministry of the Environment, Sitra, the Finnish Environment Institute, the state's sustainable-development company Motiva, research institutes and higher education institutions have played a strong role as accelerators and municipalities and municipal waste companies as facilitators of circular economy. Finland has been an international pioneer in circular economy through the annual *World Circular Economy Forum (WCEF)* launched by Sitra in 2017.

The recycling rate of municipal waste is around 40%. Metal, glass, fiber and paper are recycled well. Thanks to the *beverage deposit system*, Finland's beverage-container recycling is one of the best in the world.

Environmentally sound management of water resources and coastal areas

A maritime spatial plan was drawn up for the Finnish maritime areas in 2017–2020 in a very extensive stakeholder cooperation. The plan promotes "blue growth" and the favourable state of the marine environment by reconciling different needs for use, considering conservation needs. The maritime spatial plan is a general strategic plan that assigns significant and potential areas to different needs. In the coastal areas of cities, the different usage needs are presented overlapping and are not prioritised. The plan indicates significant ecological links, which, on the coastal area, are rivers and their coastal zones relevant to migratory fish, and other sea—land blue-green links. The river estuaries near urban areas are typically particularly important in terms of underwater natural values, as are the shallow areas close to the coast.

The nutrient load from agriculture and forestry and the introduction of new harmful substances have been the main concerns of water protection in Finland. In 2016-2018, the Finnish government financed over 30 innovation and cooperation-based water management and restoration key projects.

The Finnish government launched the national *Water Protection Program of 2019-2023*. It aims to introduce new water protection practices and methods, allocate funds to the most effective measures to improve the quality of all waters and strengthen cooperation. Over 300 water restoration projects have been funded. In the field of urban water management, the program has put its focus on reducing discharges of harmful substances into surface waters and groundwater.

Adopt a smart-city approach that leverages digitization, clean energy, and technologies

All the biggest cities in Finland have adopted the United Nation's (UN) Sustainable Development Goals (SDGs) in their strategies. In addition, the main stakeholders in city ecosystems such as energy and construction companies have mainly adopted the SGDs in relevant fields.

Finnish cities develop smart city solutions with European cities aiming to climate neutrality in the *EU Smart City Lighthouse projects*: the five-year projects have a European funding for over M€125. Smart city solutions are being tested and piloted in real city environments in different cities around Finland. The Helsinki-Uusimaa region has been nominated as *the most innovative region in the European Union*. It has a smart specialization strategy called *Resource Wise Helsinki-Uusimaa*: large businesses and start-ups, the public sector, research, and education centres have joined forces to create smart innovations and test them with people. Helsinki was ranked the world's second smartest city in 2020 by the *IMD Smart city index* and hosts a yearly *SLUSH Start-up Festival*: one of Europe's leading meetups for start-ups, tech talent and investors.



Sources: Katriina Alhola, Senior Research Scientist, Finnish Environment Institute (SYKE); Elina Saarinen, Editor-In-Chief, Uusiouutiset Finnish Circular Economy News; Tiina Tihlman, Ministerial Adviser, Ministry of the Environment; Jenni Jäänheimo, Senior Advisor, Ministry of the Environment

2. Part 2

2.1. Building Governance Structure: Establishing a Supportive Framework

Responsibilities and roles of municipalities and regional actors:

- Municipalities' responsibilities increased during 2016-2021: statutory basic public services operational capacity differs e.g., due to ageing population, urbanisation, and low fertility
- Regional actors: 18 Regional Councils e.g., regional development, regional and land-use planning; 6 Regional State Administrative Agencies + State Department of Åland; 15 ELY Centres - regional implementation/development, monitoring of municipal land use planning
- Reforms: health and social services reform would transfer health and social services from 310
 municipalities to 22 health/social services counties local government would organize early
 childhood education/care and basic education/ secondary education; transfer of employment
 services from the state to municipalities in 2024
- The public governance strategy: renewal of public governance 2020-2030, from the state to regional and local level

Women's full participation in all fields and all levels of decision-making:

- One of the most equal countries: equal representation of women and men in decision-making bodies improved except for managerial positions and by minorities and immigrants
- Act on Equality between Women and Men + quota provision (1995): government and municipal decision-making

Legal and policy frameworks to implement urban policies:

- National urban policy defined through strategic-level policy programmes: often no own implementation programmes with earmarked resources – instead linked to other processes
- A key element: cooperation and partnerships between state and cities through e.g., the Urban Policy Committee, metropolitan policy, regional urban cooperation
- National Urban Strategy 2020–2023 (–2030): most essential comprehensive policy strategy for urban policy - outlines principles of partnerships between cities and the government, considers the goals of the NUA, implementation followed by The Urban Policy Committee and the Political Management Group for Public Administration Reform - implementation linked to other processes
- Various contractual instruments between the state and cities are key tools: MAL agreements, growth agreements and programmes e.g., MoE's Sustainable City programme (2019–2023) and Perspectives for Land Use in Finland (2021–)
- Challenges of urban policy: status varies by government term, funding/resourcing, coordination of sector policies

Responsibilities and roles of municipalities and regional actors

Municipalities' responsibilities have increased during 2016-2021. They are laid down in the legislation and include providing *statutory basic public services*. The operational capacity of municipalities differs more than before. Ageing of the population, urbanisation, and low fertility in the last decade affect some municipalities' financial footing whereas larger cities have strengthened their role in supporting sustainable development.

There are 18 Regional Councils that take care of regional development and promotion of interests, and regional and land-use planning. In the state administration, there are six Regional State Administrative Agencies in mainland Finland (AVI Centres) and additionally the State Department of Åland. The 15 ELY Centres are responsible for the government's regional implementation and development tasks.



The health and social services reform that is currently under development would transfer responsibility for the organisation of health and social services from 310 municipalities to 22 health and social services counties. After the reform, the most important tasks of the local government would be early childhood education and care, basic education, and secondary education. Additionally, preparations for transferring employment services from the state to municipalities were launched in 2021, to be implemented in 2024. The public governance strategy guides and strengthens the renewal of public governance during 2020-2030, from the state to regional and local level.

Legal and policy frameworks to implement urban policies

National urban policy has been defined and guided in Finland through compiling strategic-level policy programmes such as the current *National Urban Strategy 2020–2023 (–2030)*. These programmes have often not had their own implementation programmes with earmarked resources but have instead been linked to other processes. A key element has been the recently increased cooperation and partnerships between the state and cities through e.g., the *Urban Policy Committee* (since 2007) that also coordinates the urban policy activities of various ministries; the *metropolitan policy* (Helsinki metropolitan region, since 2007); and *regional urban cooperation*, that focuses on special issues in small cities (since 2018). In recent years, the EU's urban policy instruments have also played an increasingly important role.

The National Urban Strategy 2020–2023 (–2030) is the most essential comprehensive policy strategy for urban policy. It outlines the principles of partnerships between cities and the government. The strategy expands on the national urban policy and considers the goals of the *New Urban Agenda (NUA)*. The priority areas of the strategy are a vibrant city, a climate-smart city, wellbeing for everyone, and well-functioning connections. The implementation of the strategy is followed by The Urban Policy Committee and *The Political Management Group for Public Administration Reform*. The strategy's implementation relies on continued cooperation in the planning and implementation of urban development programmes, agreements, and legislative projects across government sectors.

Key tools for implementing urban policy in recent years have been various contractual instruments between the state and cities, especially MAL agreements, growth agreements and programmes such as the Sustainable City programme (2019–2023) and *Perspectives for Land Use in Finland* (2021–), coordinated by the Ministry of the Environment. The opportunities to promote sustainable urban development have improved as both informal and formal cooperation has intensified. However, the challenges of urban policy still lie in the variation in its status by government term, in the funding and other resourcing that do not fully meet the urban development situation and the need to better coordinate the state's sector policies.

Promote women's full participation in all fields and all levels of decision-making

Finland is one of the world's most equal countries and equal representation of women and men in decision-making bodies has improved in the recent decades. However, there are still more men in managerial positions than women, Sámi and Roma women are underrepresented in political and public activities and women with immigrant backgrounds and disabilities and people belonging to gender minorities are also underrepresented in political decision-making at all levels.

Equality in decision-making has been promoted in Finland through legislation, especially the *Act on Equality between Women and Men* and its *quota provision* (1995) that applies to government and municipal decision-making. However, women are in a minority in the highest positions of local government, to which quotas do not apply, and the election funding has been imbalanced in favor of men. Additionally, hate speech is a current issue that women experience almost twice as much as men. 1/3 of municipal decision-makers have been subject to hate speech.

Sources: Emma Terämä, Chief specialist, Ministry of Finance; Emma Hannula, CEO, Finngroup Consultants; Olli Maijala, Ministerial Adviser, Ministry of the Environment; Tanja Auvinen, Director, Gender Equality Unit, Ministry of Social Affairs and Health; Juha Nurmi, Senior Specialist, Ministry of the Environment; Kaisa Mäkelä, Senior Ministerial Adviser, Ministry of the Environment; Tanja Rantanen, Senior Ministerial Adviser, Ministry of Finance



2.2. Planning and Managing Urban Spatial Development

Legal frameworks:

- Regional Development Act steers territorial development and Land Use and Building Act land use planning/building
- Government's decisions on national land use objectives (2017) + regional development (2020)
- Regional and municipal planning directed by national land use guidelines/steering instruments prepared by the MoE
- Regional plans at the regional scale, municipal master plans + detailed plans at the local scale

Inclusion of culture as a priority component of urban planning: guided by Land Use and Building Act (preservation of landscape/cultural heritage at all levels of planning), planning regulations (urban image/urban building heritage), national strategy for the cultural environment (2004-2020), government decision (2018) to safeguard nationally valuable cultural environments/natural heritage, 2019 government programme (implementation of Architectural Policy Programme (2020) + national cultural heritage strategy)

National urban parks can be established by the MoE

Public spaces, streets, sidewalks, cycling lanes: Land Use and Building Act - planning by municipalities

Many cycling promotion programmes + political decisions to promote cycling in municipalities

Planned urban extensions + infill, urban renewal, regeneration:

- In 7 largest cities focus of construction on infill construction + reuse
- Urban development increasingly directed along public transport corridors enabled by light rail, metro, and urban railway lines

Role of small/intermediate cities/towns: promotion of a multi-centre regional structure based on good transport connections

- Growth at largest urban regions decline in new construction elsewhere
- Government development programmes of cities of different sizes e.g., regional urban programme for the second cities of a regional centre

Gender-responsive urban policy/planning: gender neutrality/gender-blindness in urban policy/planning irrespective of long history of equality

 However, participatory/bottom-up/horizontal projects by the fourth sector, projects on gender budgeting, Helsinki's EU-project 'Drivers of Equality' related to urban planning/urban spaces

Legal and administrative frameworks for land use planning and regional development

Regional and municipal planning are directed by national land use guidelines and steering instruments that ensure compliance with the national legislation. These are prepared by the Ministry of the Environment. The national legislation guides urban planning at the regional scale (regional plans) and at the local scale (municipal master plans and detailed plans). Guidance for land use planning and building activities is based on the *Land Use and Building Act*, which is currently being revised and due to enter into force in 2023. Under this Act, the government may decide on obligatory national land use targets. The government's decisions on *national land use objectives* (2017) and *regional development* (2020) outline issues of national significance. National policies are implemented in the activities of various administrative branches. Land use is also influenced by various *regional and municipal strategies*, *municipal land policy* and *construction order*. The *Regional Development Act* steers territorial development.

Finland is divided into 18 provinces, where *regional councils* are responsible for regional planning and the preparation of regional development programmes. ELY Centers steer and monitor municipal land use planning. When it comes to urban planning, the protection of ownership is guaranteed by the owners' right to participate in the process in different stages and to appeal to an administrative court after plan ratification.

Inclusion of culture as a priority component of urban planning

Cultural environments are protected through different instruments: The Land Use and Building Act requires that special attention is paid to preserving the landscape and cultural heritage at all levels of planning. The



urban image and the urban building heritage are mainly protected by planning regulations. The first *national strategy for the cultural environment* was drafted for 2004-2020. A government decision (2018) requires that land use must ensure the safeguarding of the values of nationally valuable cultural environments and natural heritage, which are identified through country-wide inventories. *A national urban park* can be established by the Ministry of the Environment to preserve and manage a large entity of rich cultural and natural value in urban environments, at the request of a city. The 2019 government programme includes the *implementation* of the Architectural Policy Programme (2020) and the preparation of a comprehensive national cultural heritage strategy. The government decision on the national land use targets also states that it is important to ensure the development of Sámi culture and livelihoods and the areas that are important for them.

Planned urban extensions and infill, urban renewal, and regeneration of urban areas

The content requirements of the legally defined regional, local master and detailed plans include the sustainable use of the existing community structure. In the seven largest cities, the focus of construction during the last five years has been on the infill construction of the existing urban structure. For example, in Helsinki 45% of housing production was in existing residential areas in 2016–2020. Other construction has mainly taken place in urban areas that have already been built by reforming them for new uses. The acceptability of urban structure infill is a major challenge and many plans are appealed to an administrative court. Urban development is increasingly directed along public transport corridors enabled by light rail, metro, and urban railway lines.

The role of small and intermediate cities and towns

The coverage of the urban network has remained country-wide, although growth is directed at the largest urban regions and there is a strong decline in new construction in smaller centres and rural areas. According to population forecast, more than 80% of the future growth in urban areas takes place in the four largest regions. Government decisions emphasise the utilisation of existing structures of different regions. The promotion of a multi-centre regional structure based on good transport connections is a key policy.

The government has established development programmes of cities of different sizes e.g., the *regional urban programme* for the second cities of a regional centre. Many of these *regional cities* are small industrial cities with significant export industry but where the economic structure is one-sided and sensitive to structural changes such as the shortage of skilled workforce. Also, the AFLRA acts as the guardian of the interests of regional cities, for example through the *regional urban network*.

Ensure access to public spaces including streets, sidewalks, and cycling lanes

The planning of public spaces is primarily steered by municipalities as per the Land Use and Building Act. There are a high number of cycling promotion programmes and political decisions to promote cycling in municipalities. In 2016, walking accounted for 22% and cycling for 8% of all journeys made. In the largest cities, around 85–90% of cycle routes are maintained by municipalities. The seasonal variation affects the mode of transport selected.

Promote participatory, age- and gender-responsive approaches to urban policy and planning

Irrespective of the long history of equality between women and men in Finland, Finland is a gender-neutral, even a gender-blind country, especially in terms of urban policy and planning. Gender is not mentioned in the planning law, nor considered on the national, regional or local level. In addition, there is a lack of gender competence in the planning organizations, as the only equality institution in Finland lies at the government level. Thus, there are hardly any gender-responsive approaches to urban policy and planning, nor gender mainstreaming of urban development in Finland. Nevertheless, there is a diversity of participatory, bottom-up or horizontal projects with spatial consequences, implemented by the so called fourth sector. There are also several projects on gender budgeting, but without a specific focus on urban planning. Recently, the City of Helsinki has also become involved in an EU-project called 'Drivers of Equality' which deals with equality and anti-discrimination in urban planning and urban spaces.

Sources: Timo Turunen, Senior Advisor, Ministry of the Environment; Kari Niemi, Chief Expert, National Land Survey of Finland; Sanna Andersson, Senior Specialist, Ministry of the Environment; Kaisa Mäkelä, Senior Ministerial Adviser, Ministry of the Environment; Matleena Haapala, Senior Specialist, Ministry of the Environment; Juha Nurmi, Senior



Specialist, Ministry of the Environment; Mika Ristimäki, Senior Specialist, Ministry of the Environment; Laura Eiro, Programme director, ITS Finland; Liisa Horelli, PhD, Adjunct professor, Environmental Psychology, Aalto University

2.3. Mobilization of Financial Resources

Revenue base of local governments: municipal taxation (ca. 50%), state funding for statutory basic public services (ca 20%), sales of goods and services (ca. 25%) and borrowing

Right to decide the level of municipal income tax and real estate tax annually

Financial transfers from national to local governments: central government transfers (municipalities decide how to allocate) + discretionary government transfers (earmarked funding for activities/projects)

- Compensations for differences in costs + municipalities' income base on computational basis based on needs for social welfare/healthcare services
- The cost of welfare services currently 70% municipalities, 30% government

Mobilize and establish financial intermediaries for urban financing:

- MuniFin: only financial institution in Finland specialised in financing of municipal/non-profit sectors
- The European Regional Development Fund (ERDF) Min. 5% of allocations for member states must be for sustainable urban development
- Sustainable growth and jobs 2014 2020 Finland's structural funds programme: EUR1.3 billion from the EU + EUR1.3 billion national funding

Linking urban policies to finance mechanisms and budgets:

- Variety of sectoral funds and funding programmes for sustainable urban development
- Sustainable Growth Programme for Finland's (2021–2023): EUR2.1 billion from the one-off EU recovery package Next Generation EU, Recovery and Resilience Facility
- The National Transport System Plan (2021): EUR1,4 billion/ear from 2025 onwards for the maintenance of basic roads + development investments ca. EUR500 million/year + transport network EUR 6,1 billion during 2021-2032
- MAL agreements (since 2010): state gives largest urban regions guidance + considerable amount of funding e.g., to state subsidised housing, infrastructure, and sustainable land use

National Action Plan for Sustainable Urban Development called the Sustainable City programme:

- Established following Habitat III, as part of the Agenda 2030 Implementation Plan, coordinated by the MoE, 2019–2023
- Partnership-based programme aiming to implement the goals of the NUA, the SDGs, and the Urban Agenda of the EU
- Programme funding EUR4,4 million + EUR1,6 million partner funding for pilots/calls for municipalities and their partners
- So far around 40 urban development projects involving 80 municipalities and 50 other actors

Revenue base of local governments

Municipal and local finance are based mainly on municipal taxation (approx. 50% of income). The state participates in the funding of the *statutory basic public services* provided by the municipalities according to the *Act on Central Government Transfers to Local Government for basic public Services (1704/2009)*. On average, some 20% of municipal revenues come from state grants. For large cities, the importance of their own tax revenue is emphasized, whereas small municipalities that lose their population are often dependent on central government transfers. The rest of the municipalities' revenues come e.g. from sales of goods and services (25%) and borrowing. Municipalities have the right to decide the level of municipal income tax and real estate tax freely annually in a stipulated range. Local governments also receive a share of corporate income tax revenue (% share).

Financial transfers from national to local governments

The state participates in the funding of the tasks and activities of municipalities through *government aid*, which consists of *central government transfers* (municipalities decide how to allocate) and *discretionary government*



transfers (earmarked funding for certain activities or projects). The central government transfers consist of compensations for differences in costs and the municipalities' income base. They are determined on a computational basis based on needs for social welfare and healthcare services, considering the age structure, morbidity, and conditions such as bilingualism, the prevalence of foreign-language speakers and the population density. Since 2015, the central government transfers for new and expanding tasks is 100%. In 2021, government transfers and grants to local government totaled around €14 billion, the computational central government transfers totaled approximately €8.8 billion (€7.7 billion for basic services) and other government transfers and grants approximately €2.9 billion.

Administratively, the central government transfers system consists of two parts: central government transfers to basic municipal services administered by the Ministry of Finance and central government transfers from the Ministry of Education and Culture, for funding of secondary education (general upper secondary schools and vocational schools). In 2020, during the coronavirus pandemic, the state provided extensive additional support to municipalities to secure basic services and the operating conditions.

The cost division in welfare services between the central government and the local level is currently, 70% for municipalities, 30% for the central government. *The health and social services reform* transferring responsibility for the organisation of health and social services from municipalities to health and social services counties in 2023, would reduce 70% of central government transfers.

Mobilize and establish financial intermediaries for urban financing

MuniFin is the only financial institution in Finland specialised in the financing of the municipal sector and non-profit sector. MuniFin is one of Finland's largest credit institutions: the company's balance sheet totals EUR 44 billion (Dec 2020). The company is owned by Finnish municipalities, the public sector pension fund Keva and the state. MuniFin grants financing for environmentally and socially responsible investment targets. MuniFin's customers are domestic, but the company operates in a completely global business environment.

The European Regional Development Fund (ERDF) was established in 2013. The ERDF is intended to help to redress the main regional imbalances in the European Union. At least 5% of the ERDF allocation for each EU member state must be earmarked for integrated actions for sustainable urban development that will tackle the economic, environmental, climate, demographic and social challenges affecting urban areas.

The European Union contributed approximately EUR 1.3 billion to the funding of *Sustainable growth and jobs* 2014 - 2020 - Finland's structural funds programme. With an equal amount of national public co-funding, the total volume of the programming was EUR 2.6 billion. The state accounted for 75 per cent and municipalities and other parties for 25 per cent of the public funding.

Linking urban policies to finance mechanisms and budgets

There are a variety of sectoral funds and funding programmes in Finland supporting sustainable urban development from preventing homelessness to supporting sustainable construction and circular economy. One of the largest national programmes Sustainable Growth Programme for Finland's (2021–2023) funding is approximately EUR 2.1 billion and it comes from the one-off EU recovery package Next Generation EU, Recovery and Resilience Facility. The implementation will begin as follows: 1) green transition, EUR 48.5 million, 2) digitalisation, EUR 9.5 million, 3) employment and skills, EUR 134.9 million, 4) health and social services, EUR 45 million. Research, Development, and Innovation will be supported by EUR 45 million through the Academy of Finland and EUR 62 million through Business Finland.

The *National Transport System Plan* (2021) allocates EUR 1,4 billion per year from 2025 onwards for the maintenance of basic roads. Development investments will be ca. EUR 500 million per year. The transport network will be developed with EUR 6,1 billion during 2021-2032.

Since 2010 MAL agreements have been drafted between the state and the largest urban regions. According to the agreements, the state gives the regions guidance and considerable amount of funding e.g., to state subsidised housing, infrastructure, and sustainable land use.



The Sustainable City programme implementing the goals of the New Urban Agenda (NUA)

Following Habitat III, as part of the Agenda 2030 Implementation Plan, Finland put in place a *National Action Plan for Sustainable Urban Development* called the *Sustainable City programme (2019–2023)* which is coordinated by the Ministry of the Environment. The partnership-based programme aims to implement the goals of the NUA, the SDGs of the Agenda 2030 and the Urban Agenda of the EU in cities and municipalities. The budget of the programme is EUR 6 million and the programme funding EUR 4,4 million (+ EUR 1,6 million partner funding) for pilots and calls for municipalities and their partners. During the first two years, the program has launched approximately 40 urban development projects involving 80 municipalities and 50 other actors.

Sources: Virve Hokkanen, Programme Manager, Sustainable City Programme, Ministry of the Environment; Vesa Lappalainen, Ministerial Adviser, Ministry of Finance; Tanja Rantanen, Senior Ministerial Adviser, Ministry of Finance; Emma Hannula, CEO, Finngroup Consultants

2.4. Capacity Development

City-to-city cooperation and fostering exchanges of urban solutions:

Several active city networks: most focus on environmental sustainability e.g., 6Aika, C21, Fisu
(Finnish Sustainable Communities), Towards Carbon Neutral Municipalities (Hinku), Living City
Centres of Finland, VILI network (smart mobility solutions) and Luontokunnat (biodiversity)

Capacity development for urban development policies + participation of vulnerable groups:

- Many cities' urban development policies in line with the NUA and the SDGs
- Participation of citizens in development/decision-making regarding their living environment has been strengthened by legislation, e.g., Local Government Act (2015)
- Vulnerable groups' involvement: e.g., AFLRA-led Socially sustainable cities network project, the MoE's Lähiöohjelma programme to prevent segregation/increase participation in suburban areas, Urbanising Society (URBAN) research programme of the Strategic Research Council on participation of immigrants
- Cooperation between state, cities, NGOs, residents has increased participation in regional and urban development – participation not yet systematically linked to strategic urban development processes + no established operating environment for the participation of vulnerable people

Local government associations: the Association of Finnish Local and Regional Authorities (AFLRA) is formed by municipalities/cities and it e.g., undertakes lobbying activities, hosts city networks, builds the capacities of municipalities

Capacity development in financial planning/ management: government steers municipalities through 1) norm guidance, 2) financial guidance, 3) information guidance

- Medium-term financial balance objective guarantees the stability of public finances
- Public finances plan (since 2015): financial position targets for public finances + spending limits
- The Local Government Act (2015) tightened the financial regulations: biannual Programme for local government finances assesses the state of finances of the local government
- Transparency: automatic financial reporting through Local government data programme + State Treasury's reporting service for local government finances, Tutkikuntia.fi shows local financial information

Improved capacity for urban planning and design:

- · Higher education related to urban planning/design organized in various universities
- The qualification of the planner based on Land Use and Construction Act and Land Use and Construction Regulation
- To promote an integrated approach, the University of Helsinki, Aalto University, and the City of Helsinki established a network called the Urban Academy (2012) and a joint master's programme in Urban Studies and Planning (2017)



Expand opportunities for city-to-city cooperation and fostering exchanges of urban solutions

There are several active city networks in Finland such as the 6Aika, the C21, Fisu (Finnish Sustainable Communities), the Towards Carbon Neutral Municipalities (Hinku), Living City Centres of Finland, the VILI network (smart mobility solutions) and Luontokunnat (biodiversity). Most of the city networks focus on environmental sustainability and lobbying for similar interests. The Municipal Democracy Network and the Healthy Municipality Network focus on social sustainability. The state supports the national network for the development of land use, housing, and transport (MAL network), consisting of large urban regions. The Finnish national Land use, Housing and Sustainable Transportation Network supports the cooperation of urban policy between the central government and city-regions. Additionally, the Sustainable City programme has e.g., launched a virtual platform called Virtuaalikortteli for knowledge exchange.

The KETS, the Energy Efficiency Agreement for the Municipal Sector consists of 107 municipalities and 11 joint municipal authorities. The Competence center for Sustainable and Innovative public procurement in Finland, KEINO, provides collaboration platforms for municipal procurement. The cooperation of cities is also promoted through the Canemure carbon neutrality project (supported by the EU's LIFE funding), and the circular economy project CircWaste. A new peer group is emerging from cities reporting to the UN on the SDG objectives of the Agenda 2030 (Voluntary Local Review). The largest cities are also active in international networks, such as ICLEI, the Covenant of Mayors, the Union of the Baltic Cities and the Eurocities network.

Capacity development to formulate, implement and monitor urban development policies and to strengthen the participation of vulnerable groups in decision-making about urban and regional development

Many cities have formulated, implemented, and monitored urban development policies that are in line with the NUA and the SDGs e.g., through different programmes, strategies and city and government-funded research and capacity building activities. For example, a research project called *KESTO* (funded by the Prime Minister's Office, 2019-2020) addressed the possibilities of localizing the Agenda2030 goals at the municipal level in 12 municipalities.

The participation of citizens in the development and decision-making regarding their living environment has been strengthened by legislation, for example by the binding objective of the new *Local Government Act* (2015) that enables residents to influence many key decision-making and strategy processes. Many national level processes have supported municipalities in fulfilling this, some with efforts to strengthen the participation of vulnerable groups such as the AFLRA-led *Socially sustainable cities network project*, the Ministry of the Environment's *Lähiöohjelma* programme to prevent segregation and increase participation in suburban areas, and the *Urbanising Society (URBAN) research programme* of the Strategic Research Council on the participation of immigrants.

The cooperation between the state, cities, NGOs, and residents has increased the participation in regional and urban development and the diversity of participation methods. However, the networking and cooperation of municipalities to promote participation is not systematically linked to strategic urban development processes and there is not an established operating environment for the participation of vulnerable people.

Support local government associations as promoters and providers of capacity development

The Association of Finnish Local and Regional Authorities (AFLRA) is formed by Finnish municipalities and cities. It e.g., undertakes lobbying activities for municipalities, hosts city networks such as the Network for regional cities, Outlying Municipalities Network and Climate cities activities, and builds the capacities of municipalities. The AFLRA supports municipalities and cities in implementing the SDGs for example through the network project for climate management, the network project for new-generation organisations and management and the network project for sustainable local government finances.

Capacity development of subnational and local governments in financial planning and management

Government steering of municipalities mainly takes place through 1) norm guidance, 2) financial guidance and 3) information guidance. The *medium-term financial balance objective* guarantees the stability of the entire public finances. *The public finances plan* (since 2015) sets *financial position targets* for public finances and its sub-sectors as well as the *spending limit* for local government finances, that is based on the central government



spending limits. The decision-making data related to the public finance plan is openly available on the website of the Ministry of Finance to ensure that all decision-makers, municipalities, the state, and citizens (voters) have access to uniform information on the outlook for public finances.

The new Local Government Act (2015) tightened the financial regulations of municipalities and introduced the programme for local government finances that is prepared twice a year by a secretariat including all relevant ministries and the AFLRA. It assesses the state of finances of the local government and how it copes with the provision of basic services through funding and decided measures as per the state budget proposal.

The *local government data programme* is an operating model for the automatic financial reporting required in the Local Government Act. The State Treasury's *reporting service for local government finances* presents all financial information reported automatically by municipalities and *Tutkikuntia.fi* shows also financial information of municipalities and joint municipal authorities.

Improved capacity for urban planning and design

In Finland higher education related to urban planning and design are organized in various universities, typically, trough the disciplines of architecture, landscape architecture, urban design, geography, engineering in varying fields of the built environment, social sciences, and environmental sciences. Finland has not had the same kind of planning profession, education, and degree than several other countries in Europe and the United States. To be a qualified formal planner in Finland one needs to have the appropriate training for the planning and design task and the sufficient work experience required by the complexity of the task. The qualification of the planner in Finland is based on the *Land Use and Construction Act* and the *Land Use and Construction Regulation* supplementing it. To promote an integrated approach, the University of Helsinki, Aalto University, and the City of Helsinki established a network called the *Urban Academy (2012) and* a joint master's programme in *Urban Studies and Planning (USP) (2017)*.

Sources: Anssi Joutsiniemi, Director of the Urban Studies and Planning Master's programme, Aalto University; Petteri Muukkonen, Director of the Urban Studies and Planning Master's programme, University of Helsinki; Virve Hokkanen, Programme Manager, Sustainable City Programme, Ministry of the Environment; Kaisa Schmidt-Thomé, Senior Expert, Demos Helsinki; Liisa Häikiö, Professor of Social policy, Tampere University; Sini Sallinen, Development manager, AFLRA; Vesa Lappalainen, Ministerial Adviser, Ministry of Finance; Jani Heikkinen, Senior Ministerial Adviser, Ministry of Finance; Emma Terämä, Chief Specialist, Ministry of Finance



2.5. Information Technology and Innovation

Participatory data and digital platforms:

- Citizens can perform almost all transactions with authorities electronically e.g., taxation/health care information + central application to university studies
- Room to improve: family/personal history certifications, process related to passports/driver's licenses, electronic voting (non-existing), public health care costs/quality reporting
- Open statistical portal Findikaattori: basic statistical information for all
- COVID-19 times accelerate e-Democracy: political parties/municipalities offer discussions online + allocation of some municipal resources by citizens e.g., children to uses they jointly decide

Digital tools in urban and territorial planning/data availability:

- Digital tools e.g., geospatial information systems used at all levels of planning in all municipalities
- Research, innovation, knowledge sharing related to digital tools: AFLRA, municipalities, regional councils, governmental organisations supporting planning
- Since 2000's (geospatial) data produced with public funding openly available (apart from land administration and detailed population data) + citizens active in producing data sets
- Room to improve: data of spatial dynamism of population, sporadic biodiversity data, planning silos, equitable access to digital services of disadvantaged groups

Monitoring of implementation of urban development policies: both at state and municipal levels

- MoE responsible nationally for land use legislation and regulations + monitors MAL agreements
- State's environmental administration e.g., monitors land use planning + collects information on municipalities/regional councils
- Implementation of national urban strategy + development of cities nationally monitored by a cooperation group consisting of municipal and state actors, city indicators to support monitoring
- Reporting of the UN's SDGs through voluntary local review (VLR): e.g., Helsinki, Turku, Espoo
- Cities' open online monitoring platforms: e.g., Helsinki's Ilmastovahti service (147 emission reduction measures in real time), Kiertotalousvahti service (implementation of Helsinki's roadmap of circular and sharing economy)

Collection, disaggregation, and analysis of data by all levels of government: e.g., Statistics Finland (most significant municipal data compiler), State Treasury's tutkihallintoa.fi (municipal/regional level data), state research institutes, AFLRA + commercial operators (municipal data), networks at the municipal level, open municipal data by the Finnish Environment Institute + online services for use of information describing the built environment: e.g., (Liiteri by the Finnish Environment Institute)

• Challenges in use of data: standardisation + different restrictions related to time series

User-friendly, participatory data and digital platforms through e-governance/citizen-centric digital tools

Finnish e-Government is supported by the fact that Finland is high-trust society, almost all Finnish citizens have mobile phones and a bank account with electronic identification services, and physical resources and digital skills make eGovernment services available for almost everyone. The Government Programme for the Promotion of Digitalisation encourages public authorities to make their services available digitally to citizens and businesses by 2023. Even today, a citizen can perform almost all transactions with authorities through electronic channels including taxation and health care information (Kanta services) and a joint central digital application to university studies. Some areas still need development such as official certificates around family and personal history that still must be ordered from parishes, passports and driver's licenses that still require a personal visit in some cases and electronic voting that is not on the e-Government development agenda.

Finland has invested in the availability of basic statistical information for all through the open statistical portal *Findikaattori*. On the other hand, services like public reporting of health care service costs and quality remains underdeveloped.

COVID-19 times have accelerated e-Democracy. Political parties and many municipalities offer discussions online. Arrangements where citizens, or for example children, can allocate some part of municipal resources to uses they jointly decide are spreading.



The adoption of digital tools in urban and territorial planning and data availability

Digital tools, including geospatial information systems tools, are being used at all levels of planning. All municipalities use digital tools and infrastructures are in place to support the exchange of information between the planning organisations. AFLRA provides a platform for exchanging knowledge regarding digital tools. Municipalities, regional councils, and the governmental organisations supporting planning are active in research and innovation around the use of digital tools in planning.

Since the early 2000's (geospatial) data produced with public funding, including almost all major data themes, has been openly available (apart from land administration and detailed population data). Citizens are also active in producing data sets that are widely recognised by planning authorities. There is still room to improve the use of data recognising the spatial dynamism of population, sporadic biodiversity data, planning silos, and equitable access to digital services of some disadvantaged groups.

Strengthen capacities at all levels of government to effectively monitor the implementation of urban development policies

Sustainable urban development is monitored at the state and municipal levels. The Ministry of the Environment is responsible nationally for land use management, legislation and regulations and monitors MAL agreements. The state's environmental administration e.g., monitors the state of land use planning and collects information on municipalities and regional councils.

The implementation of the national urban strategy and the development of cities nationally are monitored by a cooperation group consisting of municipal and state actors. *City indicators* have been developed to support monitoring. Many Finnish cities such as Helsinki, Turku and Espoo are committed to promoting and reporting on the local implementation of the UN's SDGs through voluntary local review (VLR). A uniform VLR reporting, and monitoring model and common indicators have not yet been developed for cities.

Cities have developed innovative monitoring mechanisms, such as online platforms that comply with the principles of openness. For example, Helsinki's *Ilmastovahti* service monitors the progress of Helsinki's 147 emission reduction measures in real time as per the action plan *Carbon Neutral Helsinki 2035*. Several cities, such as Lahti, Tampere, Vantaa, Kerava and Järvenpää, later used the foundations of Ilmastovahti and its open-source code to create similar monitoring mechanisms. The *Kiertotalousvahti* online monitoring service monitors the implementation of the Helsinki's *roadmap of circular and sharing economy (2020)*.

Support all levels of governments in the collection, disaggregation, and analysis of data

The most significant compiler of data related to municipalities is *Statistics Finland* that gets data from extensive registers maintained by public administration, surveys, and interviews. The State Treasury maintains the *tutkihallintoa.fi* service for municipal and regional level information. Data related to municipalities is collected and analysed by many state research institutes, collected and produced by AFLRA and processed also by several commercial operators such as the chargeable Mayors Indicators. There are also numerous networks at the municipal level that promote systematic data collection and use related to sustainability issues.

The Finnish Environment Institute has developed several data mechanisms e.g., the *greenhouse gas emission calculation system* (2020) that calculates municipal emissions from +80 sectors annually and publishes results as open data and the *scenario tool for municipal greenhouse gas emissions* (2021) that allows to design a comprehensive climate roadmap.

As examples of the use of data, the *city–countryside classification* is an example of a multi-purpose regional outline, independent of administrative boundaries that allows e.g., analysis of the increasing urbanisation. Modelled regional and community structure data can be used to e.g., replace missing data, manage data protection, and support cooperation. Location data is used daily in Finnish cities, such as in Turku, where the inequality in residential areas is measured and combated by a *regional profile tool*.



To facilitate the use of information describing the built environment, online services have been made, such as the Finnish Environment Institute's information and analysis service *Liiteri*. A general challenge in the use of different data sources is their standardisation and different restrictions related to time series.

Sources: Reima Suomi, Professor, Turku School of Economics, University of Turku; Tuuli Toivonen, Professor of Geoinformatics, University of Helsinki; Petteri Huuska, Environmental planner, City of Helsinki; Mia Malin, Project Manager, City of Helsinki; Leona Silberstein, Environmental Inspector, City of Helsinki; Juha Peltomaa, Senior Research Scientist, Finnish Environment Institute; Jari Lyytimäki, Senior Research Scientist, Finnish Environment Institute; Nufar Finel, Senior Adviser, Finnish Environment Institute; Santtu Karhinen, Senior Research Scientist, Finnish Environment Institute; Kari Oinonen, Head of Unit, Finnish Environment Institute; Antti Rehunen, Senior Research Scientist, Finnish Environment Institute

3. Part 3

3.1. Follow up and Review

The Ministry of the Environment oversees the national reporting of the New Urban Agenda. The production of this report was overseen by Jyri Juslén from the Department of the Built Environment. Tapio Reinikainen, Jari Lyytimäki, Nufar Finel, Hanna Nieminen, and Elina Nyberg from the Finnish Environment Institute were responsible for the quantitative reporting that included data on SDG- and NUA-indicators. Emma Hannula from Finngroup Consultants was responsible for the qualitative reporting. For the qualitative reporting of the + 50 themes, at least one professional from the state, regional and city level and, depending on the theme, also the academia, labour unions, the civil society, the private sector, financing institutions and the media were identified forming +50 groups with authors and contributors.