



Ympäristöministeriö
Miljöministeriet
Ministry of the Environment
Finland

Finland's National Update Report on the Implementation of the New Urban Agenda in 2021-2025

Compiled by Emma Lappalainen, CEO, Finnngroup Consultants



Contents

1. EXECUTIVE SUMMARY	4
2. DESCRIPTION OF THE PROCESS	5
3. SUSTAINABLE URBAN DEVELOPMENT FOR SOCIAL INCLUSION AND ENDING POVERTY ..6	
3.1 Reducing inequality and promoting social inclusion of vulnerable groups	6
3.2 Access to Adequate housing	12
3.3 Access to basic services	16
4. SUSTAINABLE AND INCLUSIVE URBAN PROSPERITY AND OPPORTUNITIES FOR ALL20	
4.1 Inclusive urban economy	20
4.2 Urban productivity and prosperity.....	23
5. ENVIRONMENTALLY SUSTAINABLE AND RESILIENT URBAN DEVELOPMENT.....26	
5.1 Resilient and adaptive urban development	26
5.2 Climate change mitigation	31
5.3 Biodiversity and ecosystem conservation	35
6. EFFECTIVE IMPLEMENTATION	42
6.1 Building the urban governance structure: establishing a supportive framework	42
6.2 Planning and managing of urban spatial development	46
6.3 Mobilization of financial resources	53
6.4 Capacity development and enhanced knowledge-sharing	59
6.5 Technology and innovation.....	63
7. STRATEGIC WAYS FORWARD	66
7.1 Transformative theme 1: Social inclusion and end poverty	66
7.2 Transformative theme 2: Inclusive urban prosperity and opportunities for all	68
7.3 Transformative theme 3: Environmentally sustainable and resilient urban development	69
7.4 Transformative theme 4: Effective implementation	71
7.5 Recommendations for the international community	73



List of Figures

Figure 1: Persons who feel themselves lonely.....	9
Figure 2: Very weak experience of social inclusion	10
Figure 3: Proportion of people who feel that their daily lives are safe or very safe.....	10
Figure 4: Percentage of low-income persons	11
Figure 5: Homeless persons per 1000 inhabitants	15
Figure 6: Solar and wind power capacity (MWp or MW)	19
Figure 7: Solar and wind power production (GWh).....	19
Figure 8: Gini coefficient.....	22
Figure 9: Unemployment rate.....	22
Figure 10: Share of those who have complemented upper secondary education	25
Figure 11: Research and development expenditure	26
Figure 12: Share of recreational areas in city areas	30
Figure 13: Greenhouse gas emissions per year.....	33
Figure 14: Consumption-based greenhouse gas emissions	34
Figure 15: Concentrations of nitrogen and sulphur oxides and fine particles	34
Figure 16: Share of forest land area	39
Figure 17: Areas of protected land.....	40
Figure 18: Areas of protected Natura areas in Finland	40
Figure 19: Baseline ecological status of water bodies before each planning period.....	41
Figure 20: Point source loads to water bodies.....	41
Figure 21: Persons who rate their quality of life as good.....	45
Figure 22: Population and jobs in pedestrian and public transport zones.....	51
Figure 23: Share of forest land of total area	51
Figure 24: Local services within 500m distance	52
Figure 25: Modal Share.....	52
Figure 26: Employment rate.....	57
Figure 27: Tax revenue per resident	57
Figure 28: Public debt per resident	58



1. EXECUTIVE SUMMARY

Finland is a stronghold of the Nordic welfare state. Finland has progressed excellently with most of the themes of the New Urban Agenda and is a leader in many areas such as digitalisation, circular economy, prevention of homelessness, urban greening and equality.

There are a variety of good practices that the international community can learn from Finland with regards to e.g., national and local level programmes on prevention of homelessness and segregation; operation of open-source data systems and related digital tools at national and local levels; climate change adaptation and maritime spatial planning processes; and the utilization of nature-based solutions.

There are more successes than challenges in Finland with regards to implementing the NUA. The aging population is a clear challenge in Finland and there are increased and continued regional differentiation and disparities between regions and their central cities. Segregation and long-term poverty have increased even though they are still very low in international comparison. Security has emerged as an overarching theme of development. Finland is increasingly affected by heavy rainfall, storms, floods, and changes in the intensity of snowfall even though the climate related risks are still low in international comparison. Finland's GHG emissions have been on a declining trend but there is still a high carbon footprint per person. The state of the Baltic Sea is concerning, even though in some parts of the Finnish marine area, the state of the sea is good. Finland's public finances are deeply in deficit and companies have prioritized facilitating labour immigration as one of the most critical measures to promote Finland's economic growth.

Finland is continuously working to solve key challenges and long-term strategies, thematic programmes, funding mechanisms, actions and legal reforms have been implemented or planned to address them. The most effective ways in which adequate political commitment at all levels of government have been secured to accelerate the implementation of the New Urban Agenda have been strategies that go beyond the government terms. The unique partnership models between the national level and the cities which are a key long-lasting element that has recently been further increased.

The legal framework for urban development is well-established in Finland. Since 2010, Finland has been using an agreement procedure between the central government and the largest cities on land use, housing, and transport (MAL agreements). The aim of the agreements, in addition to the environmental sustainability targets related to urban form, transportation and climate change mitigation and adaptation, is to provide sufficient land use volume to secure diverse and affordable housing solutions, prevent segregation and polarisation, and reduce homelessness. The main formal forum for cooperation and coordination of urban policy between the state and cities is the Urban Policy Committee (since 2007) that also coordinates the urban policy activities of various ministries.

Since 2016, Finland has continued to develop its legal and administrative frameworks for land use planning to support sustainable, inclusive, and well-managed urban spatial development. A major structural change occurred in 2025, when the Land Use and Building Act was divided into two separate laws: the Land Use Act (Alueidenkäyttölaki) and the Construction Act (Rakentamislaki).

All the biggest cities in Finland have adopted the United Nation's Sustainable Development Goals (SDGs) in their strategies and there are several active city networks in Finland, which promote sustainable urban development. The networking of cities within Finland has recently been expanded to twinning arrangements with cities abroad and a new peer group has emerged from cities reporting to the UN on the SDG objectives of the Agenda 2030 (Voluntary Local Review). Since 2022, the Finland-UN-Habitat Strategic Partnership for the SDGs has provided a framework for cooperation aimed at harnessing the experience of Finland and UN-Habitat on SDG localization.

A participatory process including representatives from all the instances of the society working with sustainable urbanization was conducted when preparing this report.



Author of the Executive summary: *Emma Lappalainen, CEO, Finngroup Consultants*

2. DESCRIPTION OF THE PROCESS

During the qualitative reporting of the + 50 themes of Finland's first report on the Implementation of the New Urban Agenda for the years 2016-2021, 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.

For this national update report for the implementation of the New Urban Agenda in Finland in 2021-2025 principal authors of the original texts from 2021 were contacted, when possible, to update the respective sections of the summary of the first national NUA report and in some cases new authors were mobilized. The authors include key specialists related to the various themes from the state, regional and city levels, representatives of the academia, the civil society, the private sector, and the media.

Emma Lappalainen from Finngroup Consultants has compiled the qualitative part of the report and selected the most relevant indicators for each chapter utilising the [Key indicators for Sustainable Urban Development](#) platform developed by the Finnish Environment Institute in 2025, in collaboration with pilot municipalities and a broad group of experts with funding from the Ministry of the Environment.



3. SUSTAINABLE URBAN DEVELOPMENT FOR SOCIAL INCLUSION AND ENDING POVERTY

3.1 Reducing inequality and promoting social inclusion of vulnerable groups

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

- Parliamentary committee to reform the social security system, in-official food aid
- Segregation in Finland: limited but increased in the recent years
- The aging population and, on the other hand, immigration are key trends in terms of population development
- 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 such as a programme preventing school segregation by the Ministry of Education and Culture and the Ministry of the Environment and a programme by the Ministry of the Environment supporting housing of the elderly, 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
- Act on the Integration of Immigrants (1386/2010), Lähiöohjelma (2020-2022) to develop the suburbs of the largest cities, Government Integration Programme 2024-2027

Recent developments

- Prime Minister Orpo's government programme of 2023 contains several policy and legislative measures aimed at cutting public expenditure causing cuts in social security

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 2024 was 0 %. However, there is relative poverty, economic inequality and exclusion in Finland that is linked to unemployment and to family structures e.g., to living alone or being a single parent. One in six Finns live at the risk of poverty or exclusion (2023), but only a few percent suffer from direct material deprivation. However, the number of long-term poor people has increased in the 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. People 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 their inhabitants have not benefited from economic development.

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 were strengthened, and the focus shifted to preventive work. Also, 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.¹

Prevention of inequality and segregation in the urban areas

In international comparisons, the internal social segregation within Finnish cities is limited. However, socio-economic and ethnic segregation has increased in recent years, especially in the largest cities. In Finland, socio-economic segregation occurs particularly based on income, but to a lesser extent also based on education.

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, economic, and other resource differences among families have increased in the 2000s. Concerns in Finland have been the exclusion of young people and the inheritance of welfare gaps.

The development of segregation has progressed even though the foundation of the welfare state in Finland remains strong, and various urban policy tools are in use to curb the trend. Undoubtedly, factors such as the growing income disparities and wealth inequalities, as well as cuts in the production of affordable state-supported rental housing, underpin the internal inequality development of cities.

In Finland, the aging population and, on the other hand, immigration are key trends in terms of the population development. The number of people over 75 years is expected to double by 2075. The aging population is a clear challenge, for which preparation is needed across all sectors of society including through welfare policies and urban policies.

Immigration shapes the future population development of Finland and influences the development of inequality in cities and between them. The vitality of large cities is likely to increase with the rise in immigration, but segregation development may simultaneously accelerate until the quantitative growth of immigration stabilizes. The integration of immigrants is an important social policy goal.

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 e.g., the housing allowance enables 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 progressive taxation curb differences in salaries, increase the employment rate of vulnerable people and reduce segregation. In Finland, there is also an exceptionally strong state-supported third sector of social and health associations that promotes the well-being and the inclusion of particularly vulnerable people, thus combating segregation.

¹ Socioeconomic and ethnic segregation in Finland: A multi-scale analysis of diverse urban sizes. Antti Kurvinen, Aleksi Karhula, Sanna Ala-Mantila. <https://doi.org/10.1016/j.cities.2024.105599>



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 is 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 people who have experienced discrimination.

In 2024, the Non-Discrimination Ombudsman received 356 complaints, where municipalities were named as the party responsible for discrimination. In the field of housing, the Ombudsman received 156 complaints about alleged discrimination in the field of housing, both in public and private housing. Discrimination of the Roma is a pervasive feature in the field of housing.

Provisions on the accessibility of buildings are laid down in the new *Construction Act*, which entered into force in 2025, and specified in the *Government Decree on the accessibility of buildings* issued under the Construction Act. The building, its compound and residential areas are designed and constructed as required by the purpose of use, number of users, and number of stories so that accessibility and usability are considered especially from the perspective of children, older people, persons with disabilities, and persons with mobility and functional impairments. The application of the Decree and the assessment of appropriateness are the tasks of the municipal building supervision authority.

Based on interactive planning and adequate impact assessment, the aim of land use planning is to promote the creation of a safe, healthy, pleasant, socially functional living and operating environment that meets the needs of different population groups. As part of the reform of land use regulation, regulation on accessibility in public areas will be created to implement the obligations of the UN Convention on the Rights of Persons with Disabilities.

The integration of immigrants is regulated by the *Act on the Integration of Immigrants*², which sets out responsibilities for municipalities and the wellbeing services of counties. The current *Government Integration Programme 2024-2027*³, 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.

A programme preventing school segregation has been carried out during recent years as a joint initiative of the Ministry of Education and Culture and the Ministry of the Environment. Also, a programme supporting housing of the elderly was active during the previous government term and it was carried out by the Ministry of the Environment. Additionally, the Ministry of the Environment coordinated a programme called *Lähiöohjelma* (Neighbourhood redevelopment programme) in 2020-2022 to develop the suburbs of the largest cities i.e. to prevent segregation.

Prime Minister Petteri Orpo's government programme of 2023 contains several policy and legislative measures aimed at cutting public expenditure. Hence, legislation and budget cuts have entered into force during 2024 and 2025, which entail cuts in social security, including housing benefits. Evictions are reported to be on the rise, risking reversing the positive trend in Finland on the reduction of homelessness.

² [Act on the Integration of Immigrants 681/2023](#)

³ [Valtion kotoutumisen edistämishjelma 2024–2027. Valtioneuvoston periaatepäätös](#)



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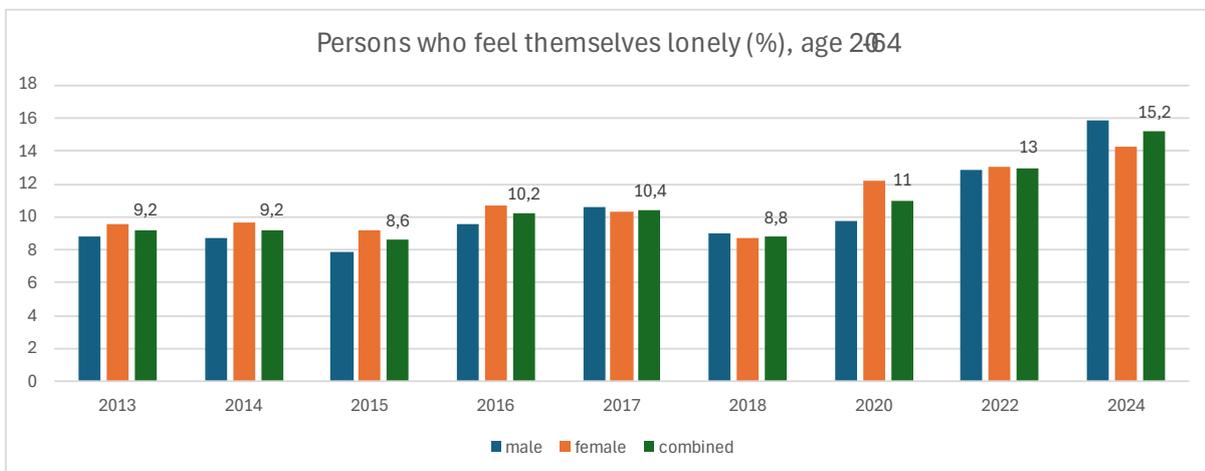


Figure 1: Persons who feel themselves lonely

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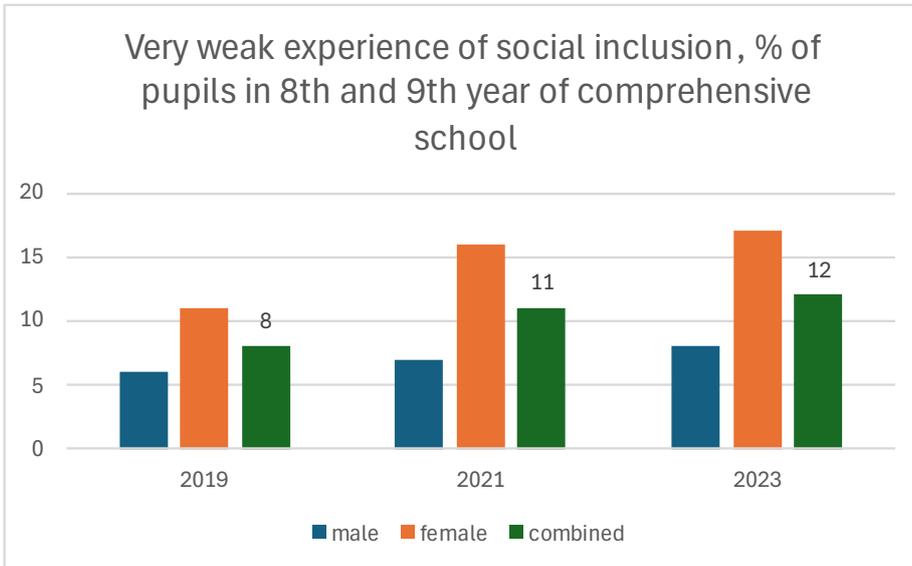


Figure 2: Very weak experience of social inclusion

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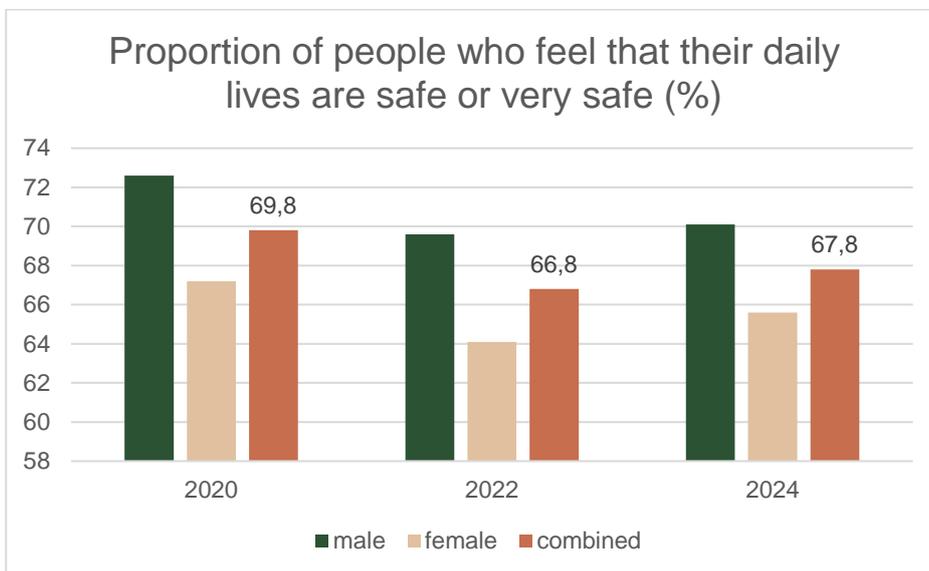


Figure 3: Proportion of people who feel that their daily lives are safe or very safe

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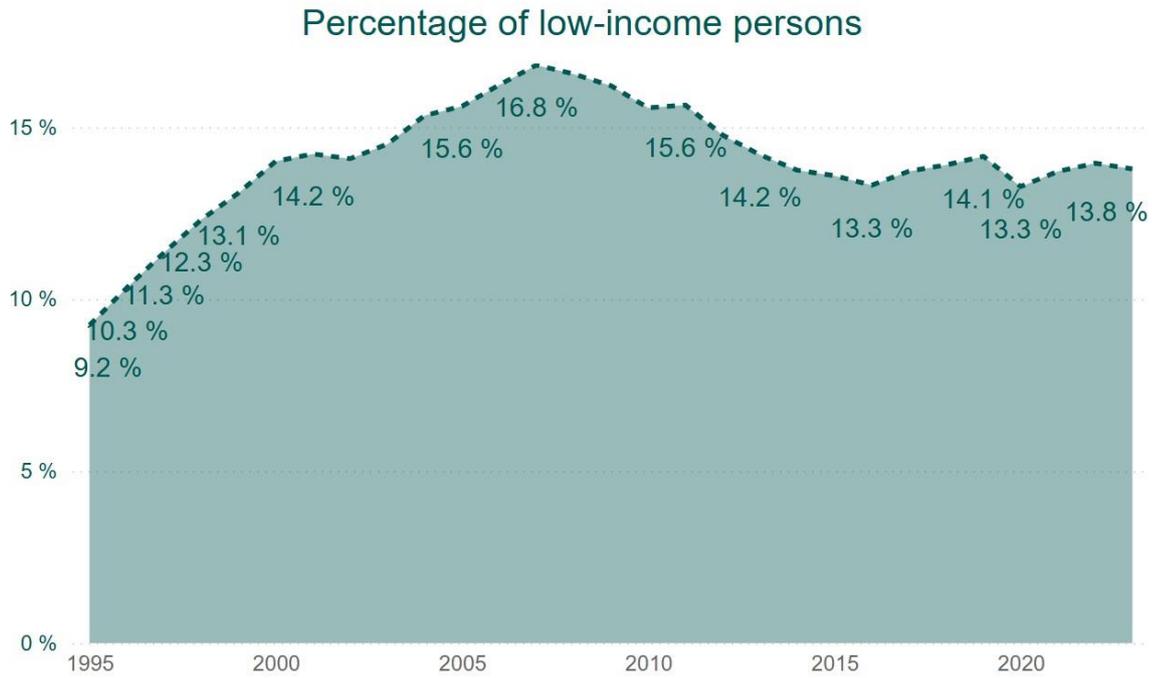


Figure 4: Percentage of low-income persons

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3.2 Access to Adequate housing

Housing market

- High home ownership rate, decline in the average house size, and financialization of the housing market during the last decade
- Housing prices increased in main urban areas and stagnated/decreased in other areas
- Segregation is increasing and the turnover rate of the residents within many newly constructed housing areas is record high

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 Centre for State-Subsidised Housing Construction
- Dwellings subsidized by municipalities: interest subsidy loans for social rental dwellings
- Housing allowances are paid to help residents in difficult financial circumstances to meet their housing costs related to rented or owner-occupied housing

Homelessness

- The current government programme aims at eradicating long-term homelessness by 2027
- Homelessness decreased continuously 2013-2023 but increased slightly in 2024 -currently simultaneous reforms in social security which may affect the future situation
- Housing First principle
- National programs to tackle homelessness e.g., investment grants for apartments for long-term 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 financialization of the housing market e.g., through the emergence of international investors, construction of mainly small housing units, quick drop in the average size of housing units from an average of 80 to 90 m² to an average of 44m² to 57m² in the Helsinki metropolitan area. As a result, segregation is increasing and the turnover rate of the residents within many newly constructed housing areas is record high.

Security of tenure

The corner stone of security of tenure is the general protection of property that is provided for in the *Constitution of Finland (731/1999)*⁵. The possession of land is based on private ownership. Real estates

⁵ [Constitution of Finland, The | 731/1999 | Translations of statutes | Finlex](#)



are registered in an electronic cadastre. All titles, mortgages, and most of the so-called 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 as owners of real estate. 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 (special rights) concerning the property. The most important among these kinds of special rights is the land lease. The legal status of the tenant can be compared in many respects with the legal status of the owner.

The owner of a building, e.g. parents, may want to sell the building to their child and let the land on lease to the child. In this way the house can be acquired without having to take a bank loan for the land. Capital is needed only for the acquisition of the building. As of November 1, 2024, the arrangement can be secured against third parties by applying for registration of the building in the land register as a constituent part of the right of lease. This can be seen as a new means of access to adequate and affordable housing, shored up by the new provisions in the Code of Real Estate.

Nobody in Finland 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 by law. Additionally, there can be restrictions e.g., based on environmental legislation concerning the use of property. Town plans can also contain restrictions on the use of land.

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

Equality and the development of the standard of living is guided by 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 (2023-2027) promotes sustainable development in land use, construction, housing and transport. 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 in town planning in their own territories and have a central role in impacting land use e.g., the amount and types 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 agreement procedure concerned the four largest urban areas (Helsinki, Tampere, Turku, and Oulu). Since 2021, three new urban areas (Jyväskylä, Kuopio and Lahti) have joined. Currently, MAL agreements cover 55% of Finnish residential areas. In the agreements, the state allocates both steering and financial support to urban regions.

Housing finance

Financial markets are the primary source of housing finance. It is relatively easy for households to obtain loans for homeownership and home ownership is also supported. 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 Centre for State-Subsidised Housing Construction* provides e.g., interest subsidies for grants, other subsidies



and grants, and guarantees for loans taken out to finance the construction, acquisition, or renovation of housing for rental purposes. In addition, the Centre controls and supervises the use of the state-subsidized 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 2024, 2377 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. The current government programme aims at eradicating long-term homelessness by 2027. For example, during the last decade *National ARA investment grants* were 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. Homelessness has decreased continuously since 2013. However, currently we are in the middle of simultaneous reforms in social security, the right to buy housing, and the role and principles of access to social housing are discussed. Homelessness increased slightly in 2024 compared to 2023.

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Homeless persons per 1000 inhabitants

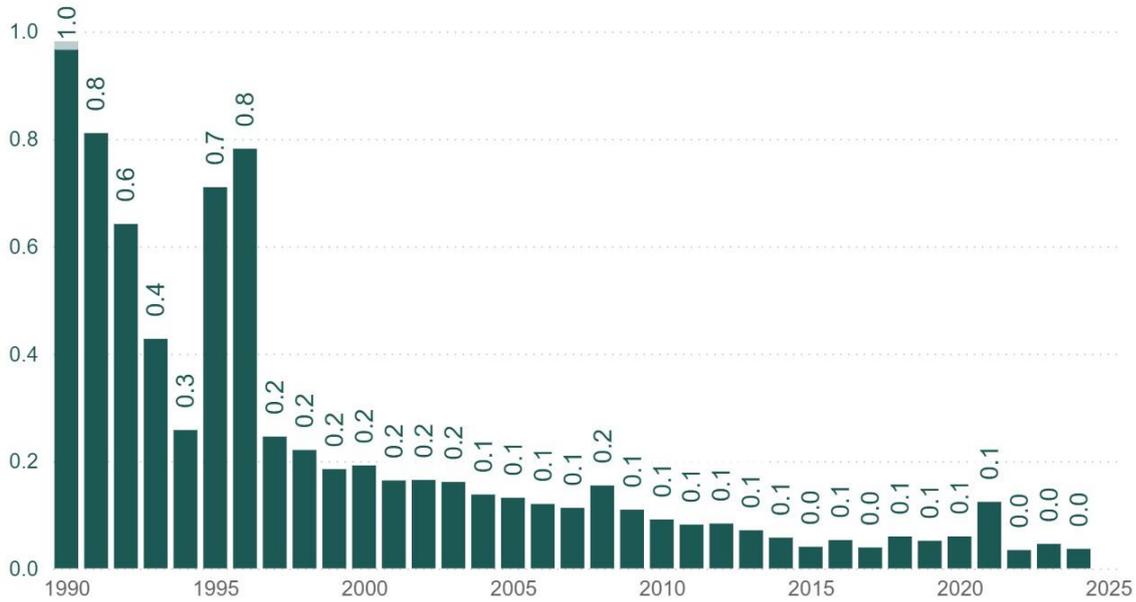


Figure 5: Homeless persons per 1000 inhabitants

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3.3 Access to basic services

Water and sanitation: 90% use 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

Solid waste management: waste legislation undergoing a reform - aim to recycle 65% 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
- 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, 0,5% disposed in landfills (2023), municipal waste recycling rate 44%

Access to modern renewable energy

- Renewable energy 42% of total energy consumption and about 48% of final energy consumption; Wood-based bioenergy 66% of all renewable energy
- The production and use of renewable energy are promoted by economic, regulatory, and informational policy instruments

Information Communication Technology

- 82 % of Finland's population have at least basic digital skills, one of the best results in the EU
- 5G mobile networks with at least 100Mbps maximum download speed cover 92%; and fixed broadband with at least 100Mbps download speed cover 81% of households; broadband coverage levels are not strongly correlated to the degree of urbanisation

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 (currently being renewed)*, on the acquisition of water in the *Water Act 587/2011* and on the treatment of wastewater in the *Environmental Protection Act 527/2014*. The monitoring of the quality of drinking 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 services. Municipalities are responsible for organising and developing water supply services 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* or municipal consortiums that mostly use the *waste management service 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 0,5% in 2023). Most of Finland's solid municipal waste is used as energy in combustion plants.

Finnish waste legislation has been 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 approximately 45 percent. ELY centres supervise the waste recovery and disposal sector and the use of waste materials in other industries.

Access to modern renewable energy

In recent years, Finland has continued to increase its production and use of renewable energy. By 2023, renewable energy sources accounted for approximately 42% of total energy consumption and about 48% of final energy consumption. The most significant renewable energy source remains wood-based bioenergy (including forest industry by-products, solid wood fuels, logging residues, and small-diameter wood), which provides around two-thirds (66%) of all renewable energy.

Hydropower accounts for approximately 18.7% of electricity production, although its share of total energy consumption is about 4–6%. Wind power has seen rapid growth and now accounts for approximately 24% of electricity production, while solar power contributes around 1.5%.

Nearly 60% of renewable energy is used for heating, especially for district heating and industrial processes. About 36% is used for electricity production, and roughly 4–5% for transport. In the transport sector, renewable energy sources accounted for 15–16%, with biofuels making up approximately 13% in 2024.

The production and use of renewable energy are promoted by economic, regulatory, and informational policy instruments that also support learning and technological development. Finland employs a variety of support schemes and programs tailored to the maturity level of production and consumption technologies. In certain contexts, restrictions and bans are used to phase out fossil energy (e.g., the coal ban by 2029), while mandatory obligations, such as the biofuel blending quotas, ensure market demand for renewables.

Information Communication technology (ICT)

In the last decade, Finnish communications networks have developed significantly thanks to investments from the Finnish operators, municipalities, and government aid programmes. At the end of the year 2024, 5G mobile networks with at least 100Mbps maximum download speed covered 92% of Finnish households and 4G networks with the same speed covered 96% of the households. 5G coverage has increased 15 percentage from the end of the year 2020. Mobile networks continue to evolve to be able to carry more data and are developing in rural areas, even though differences between faster mobile coverages in urban and rural areas are persistent.

In terms of fixed networks, the coverage of fixed broadband with at least 100Mbps download speed has increased from 65% of the households in 2020 to 81% of the households in 2024. This has mostly been due to the deployment of fibre. The fibre coverage has increased from 40% of the households in 2020 to 68% of the households in 2024. There are regional differences: 92 % of the households in inner urban areas having access to the fibre broadband whereas only 45% of the households have access to the fibre broadband in the most rural areas. However, it should be noted that according to the *Broadband Coverage in Europe 2023* commissioned by the European Union, "Finland is atypical in the sense that



[fixed] broadband coverage levels are not strongly correlated to the degree of urbanisation. None of the three regions with the most rural households is among those with the lowest fixed broadband coverage.”

According to *the EU’s Digital Decade 2030 country report* published in 2024, 82% of Finland’s population have at least basic digital skills, one of the best results in the EU. In the same report, Finnish digital public services got the score of 90.61 out of 100, when the average EU score was 79.44. This measures the possibility to perform administrative steps in common life events digitally.

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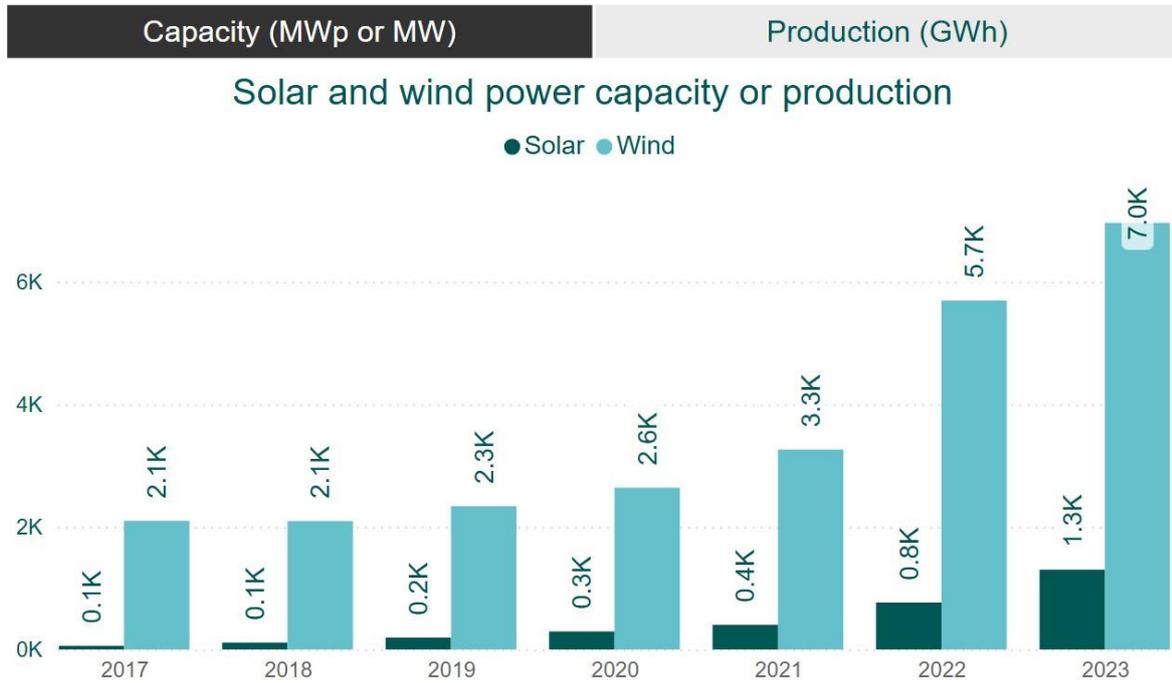


Figure 6: Solar and wind power capacity (MWp or MW)

© Electricity distribution companies, Wind power Association

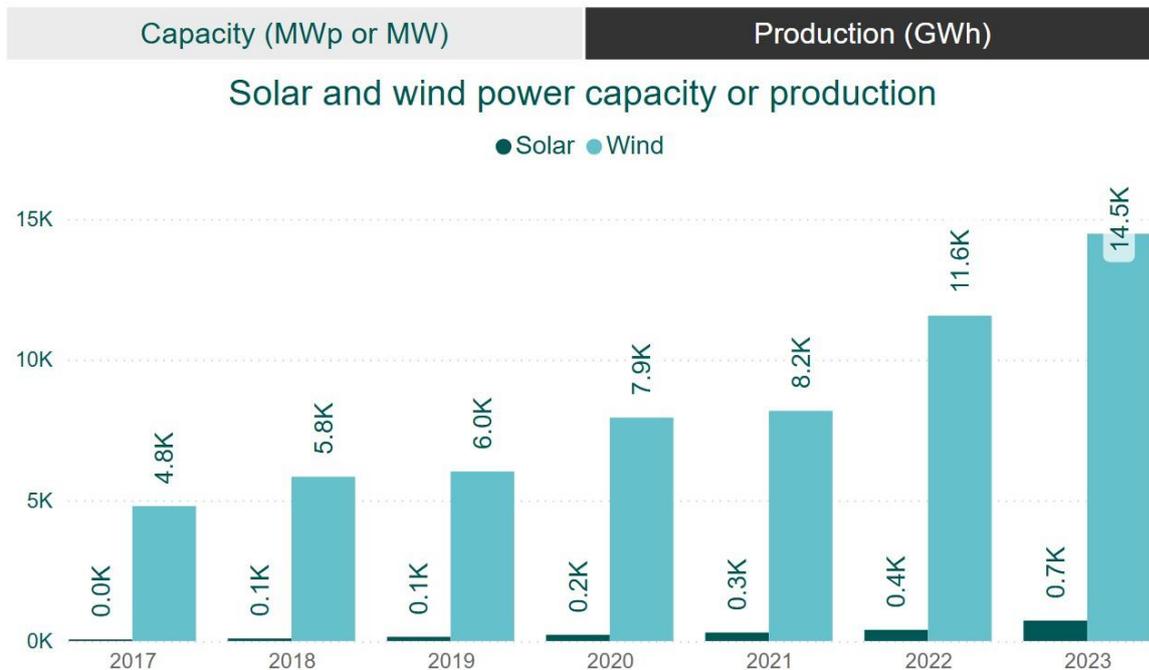


Figure 7: Solar and wind power production (GWh)

© Electricity distribution companies, Wind power Association



4. SUSTAINABLE AND INCLUSIVE URBAN PROSPERITY AND OPPORTUNITIES FOR ALL

4.1 Inclusive urban economy

Promoting employment including youth employment

There are three types of unemployment benefits in Finland: earnings-related allowance, basic daily allowance, and labour market subsidy. From the 1st of January 2025 the Employment services are run by regions formed by municipalities. There are in total 45 *employment regions*. The role of the state is to set national goals for the employment services for each governments term of office. The aim of the reform is to make services more flexible so that they are more personalized and respond to the needs of an individual as well as to the needs of businesses.

The network of *low-threshold service points for youth* has been made permanent, and the service points are run by the employment regions. The service points were created to support young people in a multidisciplinary manner, and they aim to reduce the need to send young people from one office to another. The service points are called *Ohjaamo*. Ohjaamo and the *Youth Guarantee* are closely linked in Finland. The Youth Guarantee is an EU initiative aiming to ensure that all young people under 25 have access to employment, continued education, an apprenticeship, or a traineeship within four months of becoming unemployed or leaving formal education.

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 state owner's expectations regarding the sustainability of companies are described in *the Government Resolution on the State Ownership Policy* that was issued in 2024. State-owned companies are expected to be at the forefront of sustainability because sustainability can boost competitiveness and grow shareholder value. The state owner, for example, requires companies to integrate sustainability into their strategies, business models and management remuneration. Companies must identify the

Promoting employment

- From the 1st of January 2025 the Employment services are run by regions formed by municipalities
- 3 types of unemployment benefits
- Youth guarantee since 2013: work/education/rehabilitation within 4months
- Low-threshold service points e.g., Ohjaamo: multidisciplinary support for young people

Responsible business and innovation

- National Action Plan on business and human rights (2014) + business activities
- 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 Europe
- Ecosystem agreements between university towns and the government: RDI funding

sustainability issues that are material to their business and competitiveness and set ambitious targets for these in both the short and long term.

The Ownership Steering Department regularly draws up *the Sustainability Programme* concerning state shareholdings, which defines the State's sustainability objectives and the indicators it will be using to



monitor its own sustainability efforts and the effectiveness of its ownership steering. The programme focuses on the sustainability themes that are key to value creation for the state's corporate holdings portfolio.

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 its 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 Europe*.

Finland's Ecosystem agreements are strategic partnerships between the state and cities aimed at fostering innovation and regional development. The agreements have contributed 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 have been 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 the 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.

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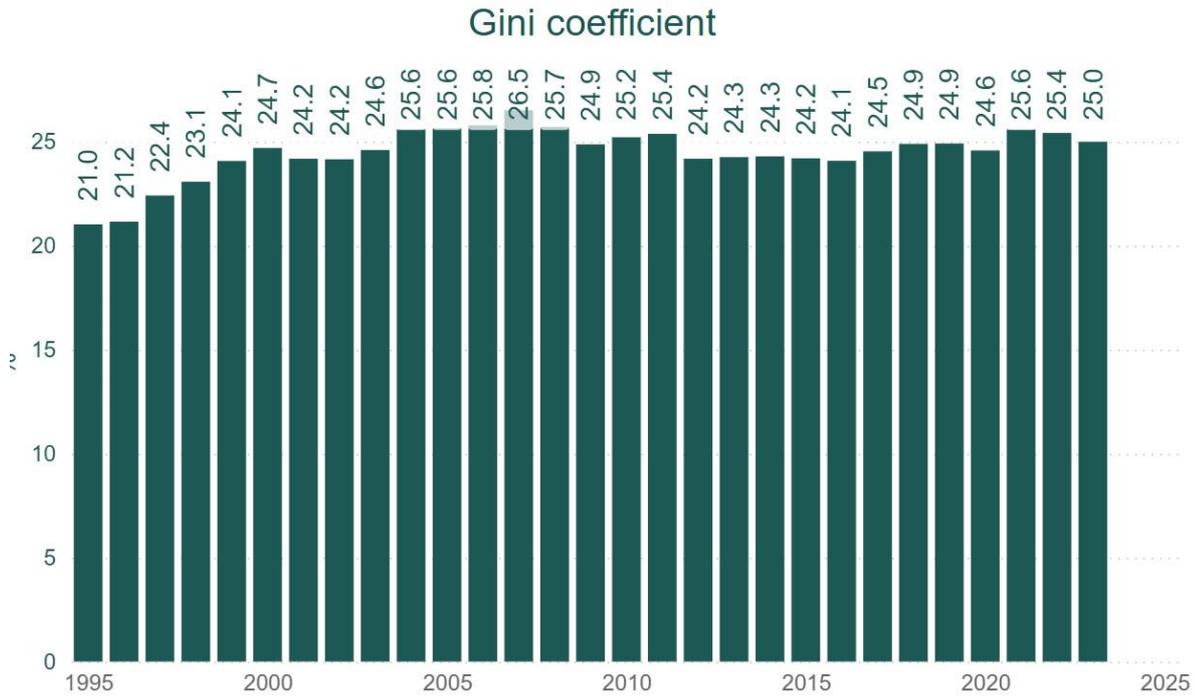


Figure 8: Gini coefficient

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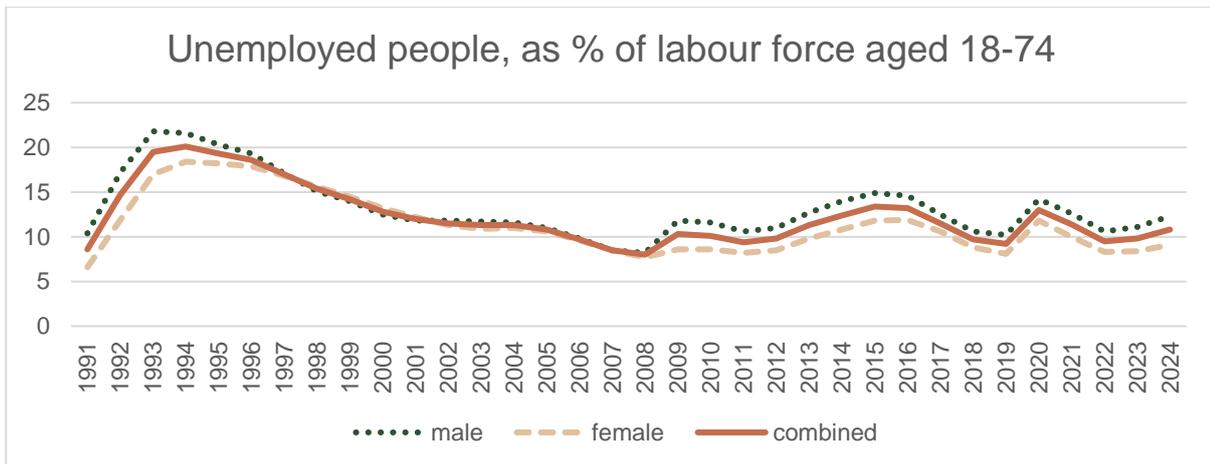


Figure 9: Unemployment rate

© THL, Statistics and Indicator Sotkanet.fi 2005-2025



4.2 Urban productivity and prosperity

Major trends

- Increased regional differentiation and disparities between regions and their central cities, emergence of security as overarching theme of development and new weight on re-industrialisation
- The ecosystem policy complemented by thematic partnerships between cities and national government
- New technologies have become part of cities development policies, such as hydrogen, electric mobility or utilisation of AI
- More attention to inclusiveness policies
- Skills of the labour remain as one of the top-priorities in most of the cities and regions

Small and Medium-Sized Enterprises (SMEs)

- Advisory/development/financial services from state, regional actors, and municipalities

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

- Since 2017, Finland has made the creation of a low-carbon society its top priority driver through e.g., the National Circular Economy Strategy, Low-Carbon Roadmaps and preparation of a National Biodiversity Strategy alongside a comprehensive Industrial Policy Strategy guiding structural shifts in energy, manufacturing and services
- Recently industrial policy has increasingly considered security and preparedness needs
- Education at all levels now embeds sustainability and digital skills, while entrepreneurship programmes strengthen SMEs and creative industries
- The availability of skilled labour together with unequal access to retraining remain challenges
- Finland is scaling lifelong learning, innovation ecosystems, and inclusive partnerships
- Companies prioritised facilitating labour immigration as one of the most critical measures

Urban-rural linkages to maximize productivity

- Digitalisation/Covid-19 increased remote working: commuting supported by tax incentives
- Circular economy/bioeconomy and mineral value chains/energy transition strengthen urban-rural linkages

Major trends

The major trends experienced in the recent years having an effect on urban productivity, prosperity and inclusion, are increased and continued regional differentiation, disparities between regions and their central cities, emergence of security as an overarching theme of development, and a new emphasis on re-industrialisation as a theme in parallel with innovation.

Local, city-level innovation ecosystem policy has been continued and updated towards today's challenges. The ecosystem policy has been complemented by a new mechanism, i.e. thematic partnerships between cities and national government that systematize the joint working mode of the national and local levels.

In terms of content, new technologies have been incorporated into cities development policies relating to, for example, hydrogen, electric mobility or utilisation of AI.

More attention has been paid to inclusive policies, e.g. prevention of segregation in 6 major cities, also with tangible effect to empower daycare and schools in vulnerable neighbourhoods.



Skills of the labour force remain one of the top-priorities in most of the cities and regions. One element of skilled labour are the newcomers who have an important role in the supply of labour and through that role, contribute to the national economy and productivity. Current somewhat more regulated immigration policy has contested the sufficient supply of skilled labour.

Small and medium-sized enterprises (SMEs)

There are many public services available for SMEs 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 the state services. The service providers in the regions are TE offices and ELY centres (soon to be transformed to Regional vitality centres). Key actors in the largest cities to promote entrepreneurship and (linked) employment are the cities' *public 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*.

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

Since 2017, Finland has made the creation of a low-carbon society its top priority driver. Prosperity and wellbeing are pursued through coordinated action by the governments, businesses, the academia, and the civil society. Key sustainable policies e.g. the *National Circular Economy Strategy*, *Low-Carbon Roadmaps* and the preparation the *National Biodiversity Strategy* alongside the comprehensive *Industrial Policy Strategy* have guided structural shifts in energy, manufacturing and services. Especially the comprehensive decarbonisation of energy production, and investments in digitalisation, AI, and automation have created new urban jobs and business models.

In recent years, the industrial policy has increasingly considered security and preparedness needs, which has been particularly evident in the development of infrastructure, industrial production, and supply chain management.

Education at all levels now embeds sustainability and digital skills, while entrepreneurship programmes strengthen SMEs and creative industries.

The availability of skilled labour, together with unequal access to retraining, remain challenges both for increasing R&D and for harnessing the potential of artificial intelligence. Therefore, Finland is scaling lifelong learning, innovation ecosystems, and inclusive partnerships to accelerate sustainable, tech-driven, and equitable urban growth in the coming years. Companies have also prioritised facilitating labour immigration as one of the most critical measures to promote Finland's economic growth.

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 boosted remote working and further increased interaction between the urban areas and their 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 affects urban-rural linkages. Urban–rural linkages are supported by renewable energy, bioeconomy and mineral value chains. In the energy transition, decentralised energy systems based on renewable forms of energy strengthen the interaction between urban and rural areas.



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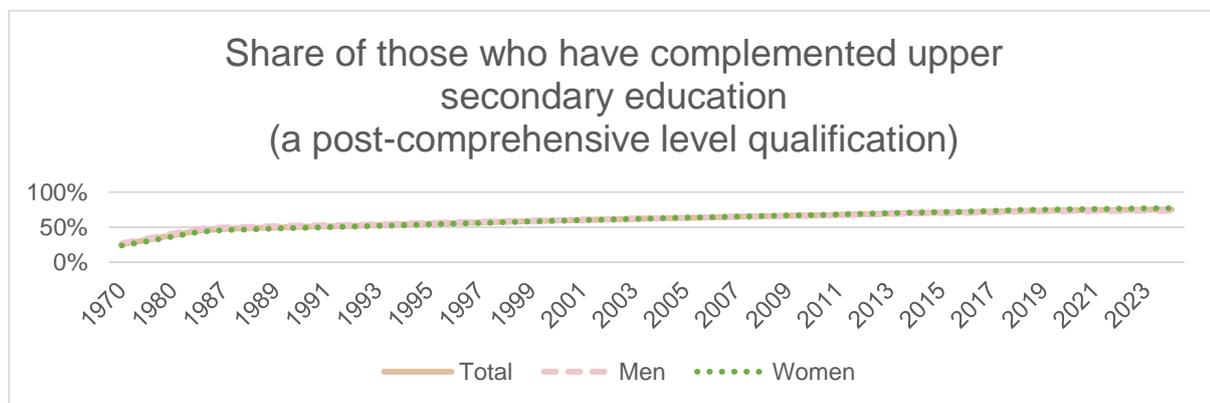


Figure 10: Share of those who have complemented upper secondary education

© Statistics Finland, Educational structure of population

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Research & development expenditure (Mill.Eur)

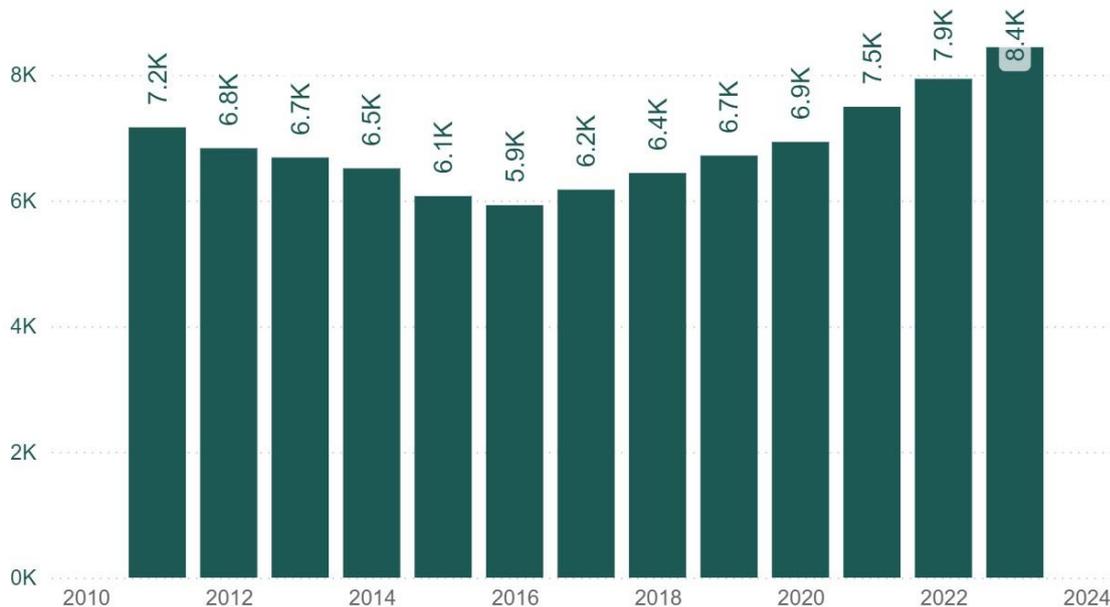


Figure 11: Research and development expenditure

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5. ENVIRONMENTALLY SUSTAINABLE AND RESILIENT URBAN DEVELOPMENT

5.1 Resilient and adaptive urban development

Climate change adaptation

- Stipulated in Finland's Climate Act (423/2022)
- National Climate Change Adaptation Plan forms part of the climate policy planning system under the Climate Act
- National adaptation policy framework is described in Finland's NAP2030 (2022). Adaptation planning focused on large cities - adaptation integrated in duties of municipalities - lack of regional climate risk information one of the challenges
- Regional adaptation needs and goals examined in the "SUOMI" report by the Finnish Climate Change Panel

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
- Preparedness for extreme weather events and disaster risk reduction in municipalities is steered by *the Emergency Powers Act*
- Various tools developed to support adaptation e.g., *Green Factor tool*, *Helsinki's priority order for stormwaters*, the *Blue-green factor*
- Planning of green areas and nature-based solutions integral part of Finnish urban planning
- The nexus between human health and biodiversity is a growing



Climate Change adaptation actions

National adaptation planning is stipulated in *Finland's Climate Act (423/2022)*. Finland's *National Climate Change Adaptation Plan* forms part of the climate policy planning system under the Climate Act. The current *national adaptation policy framework* is described in *the Government Report on Finland's National Climate Change Adaptation Plan until 2030 (NAP2030)*¹⁰, adopted in December 2022. While the actions set out in the NAP2030 plan primarily obligate central government authorities, successful implementation requires broad cooperation with key stakeholders.

The pivotal role of regional and municipal-level actors in the implementation of adaptation measures is acknowledged in the NAP2030. The NAP2030 sets out three targets and ten actions to enhance climate resilience among regions and municipalities. These include measures to further enhance understanding of climate risk and adaptation, and to encourage local and regional authorities to exploit adaptation funding opportunities more widely.

Dedicated adaptation planning has so far focused on the largest cities. According to a 2021 survey by the Association of Finnish Local and Regional Authorities, municipalities have identified a wide range of climate change-related risks, including storms, heavy rainfall, sudden snow loads, prolonged heatwaves and drought periods, a lowering of the groundwater table and increased slipperiness in winter. Adaptation aspects are integrated in the duties of municipalities. However, in most municipalities actions have focused on a limited range of activities.

The lack of regional climate risk information has been one of the challenges municipalities have been facing. Regional adaptation needs and goals were examined in the "*SUOMI*" report by the *Finnish Climate Change Panel*¹¹. The report includes regional information on the temporal and local impacts of climate change to guide regional and local adaptation planning. Furthermore, regional characteristics and vulnerabilities related to climate change were examined in 2022 to inform the formulation of NAP2030. Since then, an increasing number of municipalities has started to engage in more dedicated adaptation planning, either on their own or through regional collaboration with other municipalities.

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.

From a global perspective, Finland is at relatively low risk for climate related disasters¹². However, climate change is changing this setting e.g. with regards to heavy rainfall, storms, floods, changes in the intensity of snowfall, and future sea level rise. The most significant flood risk areas are regularly assessed by the Finnish Environment Institute, and cities have taken precautionary measures through e.g., land use planning, flood dams and gates.

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 (2023)*, and associated *Regional Risk Assessments*. National environmental 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 as steered by the *Land Use Act*. The reform of the Land Use Act will emphasise climate change mitigation and adaptation, as well as biodiversity. According to the draft Act,

¹⁰ [National Climate Change Adaptation Plan 2030 - Maa- ja metsätalousministeriö](#)

¹¹ Ilmastomuutokseen sopeutumisen ohjauskeinot, kustannukset ja alueelliset ulottuvuudet, Suomen ilmastopaneelin raportti 2/2021, Gregow et al., 2021

¹² Adaptation by the least vulnerable: Managing climate and disaster risks in Finland, Pilli-Sihvola, Haavisto, <https://www.sciencedirect.com/science/article/abs/pii/S2212420917301619>



these factors must be considered in zoning procedures and in the preparation of regional plans, local master plans, and local detailed plans.

Urban green space and tree canopy cover strengthen cities' resilience by improving adaptation to climate change, the health and well-being of residents, and the attractiveness of cities. Finland's starting points for maintaining and developing urban green space are excellent, since even the most densely populated cities are green by international standards. *The Article 8 of the Nature Restoration Regulation, the NRR, (EU 2024/1991)* aims to increase urban green space and tree canopy cover in European cities. According to the Article 8 of the NRR there must be no net loss in the total national area of urban green space and tree canopy cover in urban ecosystems by 2030. As Finland is exceeding the required amounts of urban green space and tree canopy cover, this requirement does not apply. From 2031 onwards there must be an increasing trend in the total national area of urban green space and an increasing trend in tree canopy cover for each urban ecosystem area. The regulation concerns urban environments in approximately 60 to 70 most densely populated Finnish municipalities. *The national restoration plan* will describe how Finland will implement and monitor the regulation. The plan is currently being developed in cooperation with stakeholders.

Over the past five years, the importance of urban greening has strengthened, especially in large cities. While the importance of greening has increased, so has the level of tension. Urban growth and densification have reduced nature areas and urban green spaces, thus reducing the capacity to adapt to e.g., floods, storms, and extreme heat waves, in addition to ecological and wellbeing outcomes^{13,14,15,16}. Simultaneously, environmental crises have intensified, requiring stronger greening initiatives at various planning levels.

To balance urban growth and green spaces, strategic planning of urban structure and green network has strengthened. The main principle of holistic urban planning in rapidly growing cities and city regions is to steer the growth as sustainably as possible. For example, Helsinki has introduced a program for sustainable urban development to promote ecologically, socially, culturally and economically sustainable development of the city. Growth is enabled, as much as possible, in brownfield areas and by the densification of the already built areas. Planning of green areas is an important integrated part of urban planning. At the city level the emphasis is on the green network entity, connectivity, catchment areas, biodiversity and nature protection.

The connectivity of the green structure has garnered increasing attention in urban planning^{4,17}. For example, Helsinki has formulated plans for networks of meadows, forested areas, blue infrastructure, and trees, shrubs and other plantings by the sides of the streets. In addition to comprehensive planning, several strategies, e.g. *municipal climate action plans, storm water strategies, green strategies, and biodiversity plans* set targets for the green structure^{5,6}. The multifunctionality of the green structure, and particularly the interlinkages between climate change and the biodiversity crisis, has been widely recognized¹⁸. This is evident e.g. in the climate action plans of Vantaa, Tampere, and Turku which highlight not only climate aspects but also biodiversity⁵. Helsinki has also set targets in 2024¹⁹ to e.g., halt biodiversity loss by 2030, keep the area of forested and tree covered areas in 1/3 of the total city area, and make the green network of the city unified and ecologically functioning by 2030. Targets for the

¹³ Hautamäki, R., Heinilä, A., Moilanen, A., Rajaniemi, J. (2024a). *Ekologinen kytkeytyvyys ja luonnon monimuotoisuus alueidenkäytön suunnittelussa*. Suomalainen Tiedeakatemia.

¹⁴ Hautamäki, R., Puustinen, T., Merikoski, T., Staffans, A. (2024b). Greening the compact city: Unarticulated tensions and incremental advances in municipal climate action plans. *Cities* 152, 105251. <https://doi.org/10.1016/j.cities.2024.105251>

¹⁵ Lähde, E., Kemppainen, M., Lahtinen, E., Jama, T., Mahlio, O. (2025). Kaupunkisuunnittelun biodiversiteetikäänne 2020-luvulla. *Yhdyskuntasuunnittelu* 62(4), 14–40. <https://doi.org/10.33357/ys.148561>

¹⁶ Tiitu, M., Auvinen A-P., Viinikka, A., Rehunen, A., Järvinen, E. (2017). *Luonto kaupungissa*. Ympäristön tila -katsaus 3/2017. Suomen ympäristökeskus.

¹⁷ Lahtinen, E., Lähde, E., Mahlio, O., Kemppainen, M., Pursiainen, A., Kuusisto-Hjort, P., Ahlgren, H., Valkama, A., Saukkoriipi, S., Bergström, M., Hannula, A., Rosqvist, K., Huttunen, J., Muukka, L., Eitsi, E. (2024). *Kaupunkien viherrakenteen suunnittelun nykytila 2024*. ISBN 978-952-7569-02-3 <https://figbc.fi/media/arvo-viherrakenteen-suunnittelun-nykytilakatsaus-2024.pdf>

¹⁸ Ariluoma, M., Kinnunen, A., Lampinen, J., Hautamäki, R., Ottelin, J. (2024). Optimizing the co-benefits of biodiversity and carbon sinks in urban residential yards. *Frontiers in Sustainable Cities* 6. <https://doi.org/10.3389/frsc.2024.1327614>

¹⁹ [Helsingin kaupungin ympäristösuojelun tavoitteet 2040](#)



green structure have also been defined in many policies, such as urban tree policies, vegetated roof policies and programs for recreational facilities, and playgrounds and sports facilities.

Nature-based solutions have been promoted in cities at several planning levels, from strategies and local master plans to local detailed plans and implementation. Various tools have been developed to support the green structure and ecosystem services at the local level such as the *Green Factor Tool* for plots and districts. The green factor tool, initially developed to support greenery and particularly storm water management, and to ensure permeable surfaces and vegetation cover on plots, has expanded to encompass ecological values and carbon sinks²⁰. In addition, *the Green Factor Tool for Districts* is being developed. This tool will classify green structures into distinct natural or anthropogenic biotopes and assess them based on their ecological condition, and climate and wellbeing benefits²¹. The significance of biodiversity in the built environment has garnered growing interest, as evidenced by the publication of *Guidelines for Planners and Developers*²² and *the Biodiversity Roadmap 2030 for the Finnish Construction Industry*²³. Moreover, the importance of greening to human health has been highlighted and a *National Plan for Nature-Based Health* is currently being drafted²⁴. The nexus between human health and biodiversity is a growing focus in urban planning, as evidenced by emerging initiatives to enhance nature contact in urban environments^{25,26}.

The recent development over five years indicates that the role of greening has reached a significant milestone in Finnish land use planning. EU-level initiatives will promote this transition. In the private sector, *the EU Taxonomy and the Corporate Sustainability Reporting Directive (CSRD)* requires companies to report on the environmental and social impacts of their activities, which is increasingly attracting the interest of businesses and financial institutions in nature-based solutions. The recently adopted *Nature Restoration Law* underscores the significance of maintaining adequate tree canopy cover and ensuring sufficient urban green spaces. However, while the quantitative targets establish the foundation for implementation, it is also essential to consider quality of biodiversity²⁷. Moreover, a cross-sectoral approach to multifunctional greening and consistent implementation of these targets in practice requires further attention at the national and municipal levels.

Authors of the 2025 updated edition (modified from the 2021 NUA report²⁸):

²⁰ Co-Carbon (2024). [Hiilikerroin - CO-CARBON](#)

²¹ Kassi, T.; Jalkanen, J.; Mahlio, O.; Lähde, E.; Pursiainen, A.; Hannula, A.; Huttunen, J.; Nieminen, E.; Halme, P., Tuomisaari, J. 2025. Rakennetun ympäristön luontotyypit ja niiden ekologisen tilan arviointi. Saatavissa: https://figbc.fi/media/rakennetun-ympariston-luontotyypit-luonnos_2025_arvo-hanke.pdf

²² Rakennustieto (2025). RT-kortti: Luonnon monimuotoisuus rakennetussa ympäristössä.

²³ Rakennusteollisuus (2023). Biodiversity Roadmap 2030 for the Finnish construction industry. [rt.fi/wp-content/uploads/2024/03/Biodiversity-Roadmap-2030-for-the-Finnish-construction-industry.pdf](https://must-project.fi/wp-content/uploads/2024/03/Biodiversity-Roadmap-2030-for-the-Finnish-construction-industry.pdf)

²⁴ Sitra (2025). [Kansallinen luontoterveysohjelma - Sitra](#)

²⁵ Fagerholm, N., Hällfors, M., Christie, M., Raymond, C., Lechner, A., Jalonen, K. (2025). Kaupunkiluonnon laadunkehittäminen parantaa ihmisten ja muun luonnon yhteishyvinvointia. <https://must-project.fi/wp-content/uploads/2025/04/MUST-Kaupunkiluonnon-laadun-kehittaminen-parantaa-ihmisten-ja-muun-luonnon-yhteishyvinvointia-3.pdf>

²⁶ Roslund, M. I., Puhakka, R., Grönroos, M., Nurminen, N., Oikarinen, S., Gazali, A. M., Cinek, O., Kramná, L., Siter, N., Vari, H. K., Soininen, L., Parajuli, A., Rajaniemi, J., Kinnunen, T., Laitinen, O. H., Hyöty, H., & Sinkkonen, A. (2020). Biodiversity intervention enhances immune regulation and health-associated commensal microbiota among daycare children. *Science Advances*, 6(42). <https://doi.org/10.1126/sciadv.aba2578>

²⁷ Kinnunen, A., Hautamäki, R., Junnila, J.B., Jalkanen, J., Järvi, L., Kulmala, L., Lampinen, J., Havu, M., Junnila, S., Raymond, C. (2025). Assessing the implications of EU Nature Restoration Law targets from carbon sequestration and biodiversity perspectives in a high-green urban environment. *npj Urban Sustainability* 5, 20 (2025). <https://doi.org/10.1038/s42949-025-00213-z>

²⁸ **Authors of the 2021 edition:** Heidi Huvila, Environmental Specialist, City of Helsinki; Pasi Rajala, Head of Master planning, City of Helsinki; 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. Text summarised by Emma Lappalainen, Finngroup Consultants.

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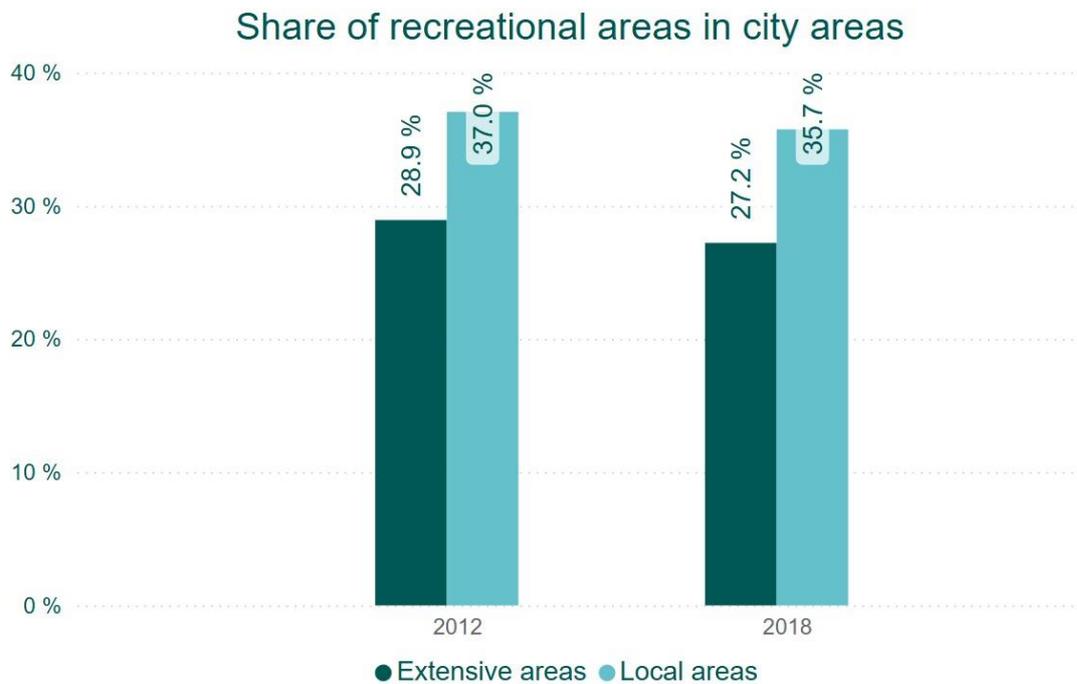


Figure 12: Share of recreational areas in city areas

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5.2 Climate change mitigation

Climate change mitigation

- Mitigation in Finland is based on e.g., The Paris Agreement on climate change, the European Union's emission reduction targets and Finland's national carbon neutral target in 2035 in the Climate Act
- Municipal greenhouse gas emissions decreased by approximately 9 % in 2023 compared to 2022 mainly due the clean-up of the energy sector, emissions from consumer electricity decreased by 32 % and emissions from electric heating by 35 % + district heating emissions decreased by 21 %
- 90% of Finland's residents, live in municipalities that have set climate targets.
- Over 60% of Finns live in municipalities that are aiming for carbon neutrality or an 80% reduction in emissions by 2030
- 52 % of municipalities in mainland Finland have made a concrete climate plan
- Climate funding: MoE's Municipal Climate Change Solutions Programme and Sustainable City Programme funded projects in 2018-2024, financial institutions, Business Finland's energy subsidies, ERDF, Varke Centre, sector-specific funding from various ministries + many international sources of funding for municipalities
- Increased focus on carbon-neutrality targets with tools for assessing natural carbon sinks in the context of land use planning

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
- Five Finnish cities were nominated as European Mission cities for climate-neutral and smart initiatives, focusing on scaling zero-emission city solutions
- Besides zero emissions, Finnish cities emphasize human-centred smart-city approaches, stressing the importance of human wellbeing and nature-based solutions
- Helsinki-Uusimaa region nominated as the *second most innovative region in the European Union (2023)*
- Helsinki ranked as the world's 11th smartest city in 2025 (*IMD Smart city index*)
- Helsinki hosts a yearly *SLUSH Start-up Festival* for start-ups, tech talent and investors

Climate Change Mitigation 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 and Finland's national carbon neutral target in 2035* in the Climate Act.

According to preliminary data from the Finnish Environment Institute Syke, municipal greenhouse gas emissions decreased by approximately 9 percent in 2023 compared to 2022. The positive development is mainly due to the clean-up of the energy sector, i.e. electricity and district heating production. Emissions from consumer electricity decreased by as much as 32 percent, and emissions from electric heating by approximately 35 percent. District heating emissions decreased by approximately 21 percent.

According to the Ministry of the Environment's estimate, by early 2025, 197 of the 292 municipalities in mainland Finland have set themselves a climate target. Approximately 5 million citizens, which is 90% of Finland's residents, live in municipalities that have set climate targets. Over 60% of Finns live in municipalities that are aiming for carbon neutrality or an 80% reduction in emissions by 2030.

52 % of municipalities in mainland Finland have made a concrete climate plan. According to the Ministry of the Environment's estimate, in early 2025, 143 municipalities in mainland Finland have their own



climate plan and 9 municipalities are involved in a regional climate plan. In addition, 45 municipalities are currently preparing or updating a climate plan.

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* have funded local and regional climate projects during the years 2018–2024. Municipalities and cities can also make use of many international sources of funding to promote climate work. At the national level funding instruments of different financial institutions, energy subsidies from *Business Finland*, subsidies for innovative public procurement, *ERDF funding*, support from the former *ARA* (now *Varke Centre for state-subsidised housing construction*), and sector-specific funding from various ministries, are available.

As part of the climate mitigation efforts in recent years, there has been an increasing focus on carbon-neutrality targets which has led to the development of various tools for assessing natural carbon sinks in the context of land use planning^{29,30}.

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 the city ecosystems such as energy and construction companies have mainly adopted the SDGs in relevant fields.

Finnish cities develop smart city solutions with European cities aiming for climate neutrality in the *EU Smart City Lighthouse projects*: the five-year projects have European funding of over M€125. Smart city solutions are being tested and piloted in real city environments in different cities around Finland. Following the concept of lighthouse cities, five Finnish cities were nominated as *European Mission Cities for Climate-Neutral and Smart Initiatives*, focusing on scaling zero-emission city solutions. This program aligns with *the Finnish national Program on Decarbonized Cities*. Besides zero emissions, Finnish cities emphasize human-centred smart-city approaches, stressing the importance of human wellbeing. The integration of wellbeing and nature-based solutions in cities is linked to climate adaptation measures, enabling co-benefits. Six Finnish cities are working with nature-based solutions in European projects. In Finnish cities, the focus has been on co-creating new efficient solutions and driving urban transitions, where Business Finland also has a focused program.

Digital solutions including sensors, Internet of Things (IoT), Artificial Intelligence (AI), High-Resolution Global Positioning System (GPS), and Big Data are key technologies used in cities for monitoring e.g. emission reductions but particularly to support the creation of data-based services, and data for better decision making.

The Helsinki-Uusimaa region was the second best *European Union innovative region*, according to the 2023 Scoreboard. 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 11th in 2025 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.

²⁹ Sitowise (2024). [Ohjelmiston kuvaus](#)

³⁰ Suomen ympäristökeskus (2024). [hiilikartta.avoin.org](#)



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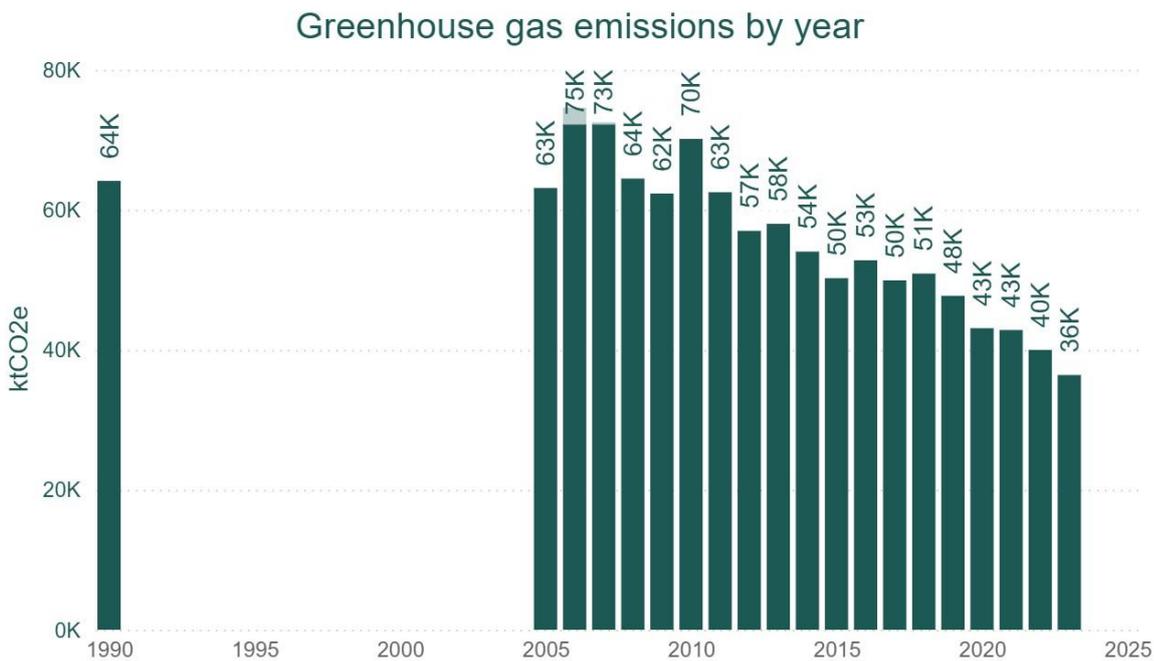


Figure 13: Greenhouse gas emissions per year

© Finnish Environment Institute, Regional Emissions Calculations (calculation method: all emissions)

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Consumption-based greenhouse gas emissions (kt CO₂e)

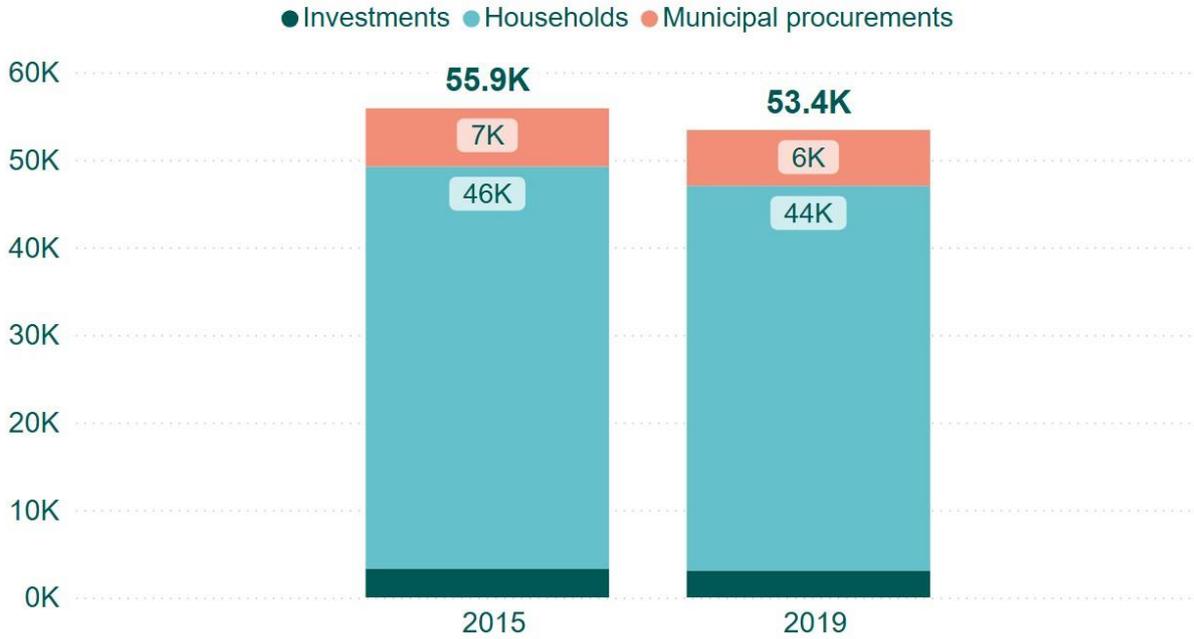


Figure 14: Consumption-based greenhouse gas emissions

© Finnish Environment Institute, Regional Emissions Calculations (ALasKulutus)

Concentrations of nitrogen and sulfur oxides and fine particles

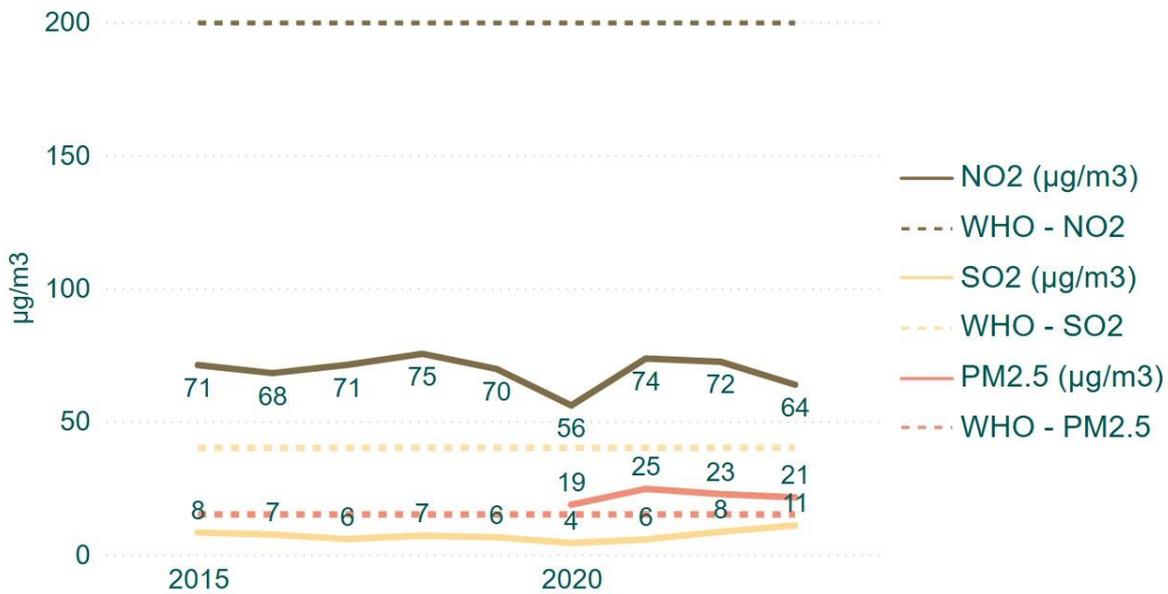


Figure 15: Concentrations of nitrogen and sulphur oxides and fine particles

© Finnish Meteorological Institute



5.3 Biodiversity and ecosystem conservation

Urban sprawl and loss of biodiversity

- Land use planning guided at the regional/local scale by national legislation and national land use guidelines – “Consolidating of urban form within existing infrastructure” (since 2000)
- A comprehensive legal reform: separation of legislation concerning land use and building through the new *Building Act* (January 2025) and the new *Land Use Act* (submitted to the Parliament during the autumn of 2025)
- Urban sprawl weak in terms of outward expansion - sprawl of urban functions is continuing
- Developing brownfield common, developing greenfields inside urban areas still ongoing
- The national restoration plan will describe how Finland will implement and monitor the Article 8 of the Nature Restoration Regulation (EU 2024/1991)
- The new Nature Conservation Act entered into force in June 2023: introduced voluntary ecological compensation

Circular public procurement in Finland

- Municipalities in Finland spend over €20 billion annually on goods, services, and works, with procurement and investments consuming about 29 Mt of raw materials
- Circular procurement has been applied in construction, transport, waste management, food and catering, and for textiles and IT equipment, but it is not yet systematic
- The Ministry of the Environment is preparing ecological objectives for public procurement up to 2035 that will set national targets for the most impactful procurement categories

Resource conservation and waste reduction, reuse, and recycling

- Finland the first in the world to publish a *National Roadmap for the Circular Economy* in 2016, in 2021 a *Strategic Programme to Promote a Circular Economy up to 2035 + voluntary Circular Economy Green Deal Programme*
- Kiertotalous-Suomi (Circular Finland) organisation has been established
- Since 2016, several hundreds of circular economy projects have been launched
- The annual *World Circular Economy Forum (WCEF)* launched by Sitra in 2017
- *The Circular Economy Resource Centre (CERC)* launched under Sitra to facilitate the exchange of information and partnerships on the circular economy between the EU and third countries
- Finland’s beverage-container recycling is one of the best in the world
- The recycling rate of municipal waste is around 44%

Environmentally sound management of water resources and coastal areas

- The Maritime Spatial Plan 2030 (2020) promotes sustainable blue economy, the sustainable use of natural resources, and the good status of the marine environment
- Finland’s Coastal Strategy (2024) promotes the sustainable use of the coastal areas in response to biodiversity loss, climate change, and pollution
- The national Water Protection Program of 2019-2023 introduced new water protection practices and methods, aimed to improve the quality of all waters and strengthened cooperation
- The new National Programme for improving the state of waters and marine areas (Ahti Programme, 2024) aims to achieve a good status for waters and the Baltic Sea

Address urban sprawl and loss of biodiversity

The urbanisation rate in Finland is 73% (2024) and city-regions cover 5% of the total land area.³² Land use planning is guided at 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*

³² <https://liiteri.ymparisto.fi/>



Infrastructure (since 2000). Currently, there is no administrative body to govern land use at the city-region scale. However, the legislation governing land use is undergoing a comprehensive reform. The reform of the *Land Use and Building Act* began in spring 2018, resulting in the separation of the legislation concerning land use and building. The new *Building Act* entered into force in January 2025. No major changes were made to land use provisions, except for updates related to digitalisation. A working group was appointed in 2023 to prepare a proposal for a new *Land Use Act*, including provisions on national land use objectives, zoning, and maritime spatial planning. The Ministry of the Environment is currently requesting comments on the draft proposal. The new *Land Use Act* is intended to be submitted to Parliament during the autumn of 2025. The content of the new Act will have significant effect on the steering of land use in the city regions in Finland.

There are no national strategies for “no new net land take” or urban growth boundaries 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 still going on. In the eight largest city regions in Finland, 57% of the new developments built in 2018-2024 were constructed in previously built-up areas, 6% in previous agricultural areas and 37% in previous forests or other natural areas. In 2022, only 6% of conserved forests were in the most populated area of Southern Finland.³³

According to *the Article 8 of the Nature Restoration Regulation (EU 2024/1991)*, there must be no net loss in the total national area of urban green space and tree canopy cover in urban ecosystems by 2030 compared to 2024. Starting from 2031, there must be an increasing trend in the total national area of urban green space, as well as an increasing trend in tree canopy cover for each urban ecosystem area. The regulation concerns urban environments in approximately 60 to 70 Finnish municipalities. *The National Restoration Plan* will describe how Finland will implement and monitor the regulation.³⁴ The plan is currently being developed in cooperation with stakeholders.³⁵ Finland’s starting point for maintaining and developing urban green is excellent, since even the most densely populated cities exceed the NRR threshold values and are green by international standards.³⁶

There are several planning tools available for preserving and assessing biodiversity and urban green infrastructure in cities. The new *Nature Conservation Act*, entered into force in June 2023, introduced voluntary ecological compensation, although its applications in cities are still few. A plot-level *green area factor tool* is in use in many of the largest cities, and a *regional green factor tool for urban planning* is currently under development.³⁷ Some municipalities have their own measures for preserving biodiversity, such as “*nature calculator*”³⁸ for including biodiversity values in the green factor tool. There is also a growing public interest in preserving green infrastructure important for biodiversity and human well-being in densifying cities in Finland.

Circular public procurement in Finland

Municipalities in Finland spend over €20 billion annually on goods, services, and works, with procurement and investments consuming about 29 Mt of raw materials in 2015.³⁹ While circular procurement is not yet systematic, it has been applied in construction, transport, waste management, food and catering, and in product groups such as textiles and IT equipment. For example, recycled materials are applied in infrastructure and building construction. Recent circular solutions in public procurement utilize e.g. digital

³³ <https://www.luke.fi/en/statistics/forest-protection/forest-protection-112022>

³⁴ <https://ym.fi/en/eu-nature-restoration-regulation>

³⁵ <https://cocarbon.fi/en/research/canopycoveratlas/>

³⁶ <https://www.luke.fi/en/statistics/forest-protection/forest-protection-112022>

³⁷ <https://www.aalto.fi/en/landscape-architecture/arvo-evaluating-and-strengthening-green-infrastructure-in-urban-land-use-planning>

³⁸ <https://www.espoo.fi/fi/asuminen-ja-rakentaminen/luontoviisas-espoo/luonnon-monimuotoisuus-osana-maankayton-suunnittelua>

³⁹ Nissinen & Savolainen et al. 2019: <https://helda.helsinki.fi/items/ccef86c6-73d3-450c-87bb-931a78726cc2>



material banks, recycled asphalt, crushed concrete, and recycled plastics in infrastructure. Product-service models—leasing furniture, textiles, electronics, and vehicles—extend product lifecycles and reduce purchases. Digital platforms facilitate internal reuse of materials and products, sharing of spaces, and redistribution of surplus food. Nutrient recovery and reduction of harmful substances is advanced through biowaste and wastewater solutions.

The Ministry of the Environment is preparing ecological objectives for public procurement up to 2035 to support Finland's carbon neutrality goal, protect biodiversity, and promote a sustainable food system. The initiative will set national targets for the most impactful procurement categories to reduce carbon and nature footprints and to advance the circular economy, emphasizing the use of sustainably produced food in catering services and the adoption of procurement practices aligned with circular economy principles.

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. In 2021, the government approved a *Strategic Programme to Promote Circular Economy* up to 2035, with the aim that the use of primary raw materials in Finland will not exceed the 2015 level in 2035 (excluding export). A significant indication of circular economy cooperation has been the voluntary Circular Economy Green Deal Programme. A new Kiertotalous-Suomi (Circular Finland) organisation has been established to ease the circular transition. In a scenario project led by research institutions (Syke, GTK, Luke, VTT, Aalto University and Statistics Finland) between 2022 and 2024, an overview was created of the state of natural resource consumption and its impacts on the environment and the economy. In addition, research-based scenarios were developed on how the circular economy could promote wellbeing and a sustainable economy. According to the results, circular economy measures can halt the growth of natural resource consumption and reduce climate and other environmental impacts while strengthening the economy.

Since 2016, several hundreds of circular economy projects have been launched in Finland, as an example the *CIRCWASTE – Towards a Circular Economy* project and the ongoing PlastLIFE programme. 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 Circular Economy Resource Centre (CERC) has been launched under the leadership of Sitra. The centre facilitates the exchange of information and partnerships on the circular economy between the EU and third countries.

Thanks to the *beverage deposit system*, Finland's beverage-container recycling is one of the best in the world. The recycling rate of municipal waste is around 44%. Metal, glass, fibre and paper are recycled well. There is still a lot to be done to reach the recycling targets, especially with plastics, packaging, and construction waste. New rules for separate collection have recently been implemented. Significant investments have also been made, especially in the plastic recycling infrastructure.

Environmentally sound management of water resources and coastal areas

The *Maritime Spatial Plan 2030 for Finland* was developed during 2017–2020 through a very extensive stakeholder collaboration involving national, regional, and local actors. The plan promotes sustainable blue economy, the sustainable use of natural resources, and the good status of the marine environment, by reconciling different human uses while taking nature preservation, conservation, and management into account. The maritime spatial plan is a strategic plan that designates significant and potential areas for different uses. In urban coastal areas, the different usage needs are presented overlapping without prioritization. The plan addresses the importance of land-sea connections, and indicates significant ecological connections, which, on the coastal area, are rivers and their coastal zones relevant to migratory



fish, and other sea–land blue-green connections. 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.

Finland's Coastal Strategy was published in February 2024. The aim of the strategy is to promote the sustainable use of the coast in response to biodiversity loss, climate change, and pollution. It was developed through extensive stakeholder collaboration, and serves as a guide for coastal action, development, and planning. The strategy focuses on identifying key stakeholders and points of interaction, opportunities for collaboration and information sharing, and relevant policy instruments. Key measures include fostering a thriving coastal environment and promoting sustainable land use and construction. A forum for sharing best practices was launched in 2025 to serve as an interactive platform for stakeholders to exchange knowledge related to the coastal zone.

A *national survey on marine and coastal ecosystem services* was published in 2024 to support the revision of the *Finnish Maritime Spatial Plan* during 2024–2027. The mapped regulating service areas—characterized by abundant underwater vegetation and the ecosystem services they provide, such as flood protection, erosion control, binding of harmful substances, nutrients and carbon, and oxygen production—will be integrated into the updated Plan as part of the blue-green infrastructure. Considering valuable ecosystems in coastal and maritime spatial planning supports the spatial allocation of human activities in a way that minimizes potential human-induced harm.

The national *Water Protection Program of 2019–2023* aimed 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. During the program lifespan, nearly 1000 water restoration projects were funded. In addition, nearly 50 water management projects for reducing the external loading from agriculture and forestry by nature-based solutions, were launched, along with four regional pilot projects in which new regional operational models for sustainable water management were tested and developed.

In the field of urban water management, the program has put its focus on reducing discharges of harmful substances into surface waters and groundwater. About 50 projects were funded during the program, which worked on a wide range of industrial R&D projects and improving the efficiency of wastewater management. In agriculture, substantial effort was made to kick off and normalize gypsum treatment of agricultural land to reduce nutrient loading, in particular the Archipelago Sea and to an extent, around the entire Finnish coastline. Free gypsum was provided by the Finnish government for farmers willing to participate in the program. The program also started to explore the preconditions and possibilities for enabling the use of other soil improver substrates, like structural chalk and fibre.

In 2024, the Ministry of the Environment launched the new *National Programme for Improving the State of Waters and Marine Areas (Ahti Programme)*. The aim of the AHTI Programme is to achieve a good status for waters and the Baltic Sea. The programme promotes the implementation of the national *Marine Environment Management Plan (Marine Strategy Document)* and regional *River Basin Management Plans*. During the term 2023–2027 the priorities of the Government Programme are to curb nutrient loading, improve the structure of arable lands, control harmful substances and recover resources and take them into use. A particular focus in the Government Programme is on measures to reduce loading from agriculture in the catchment area of the Archipelago Sea.



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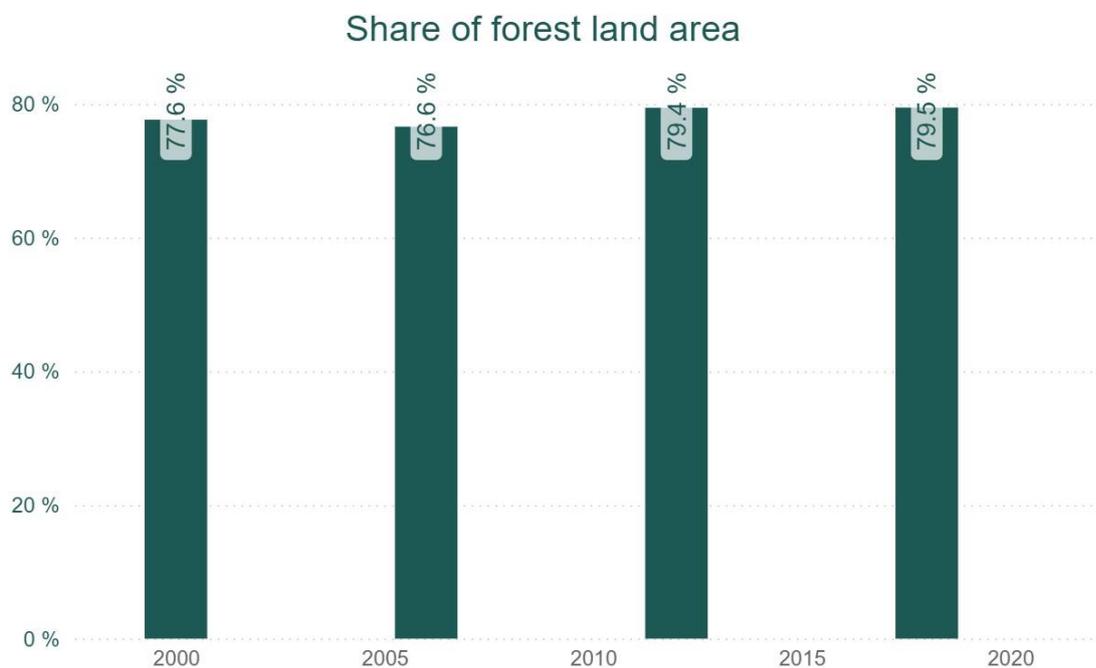


Figure 16: Share of forest land area

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Areas of protected land (hectares)

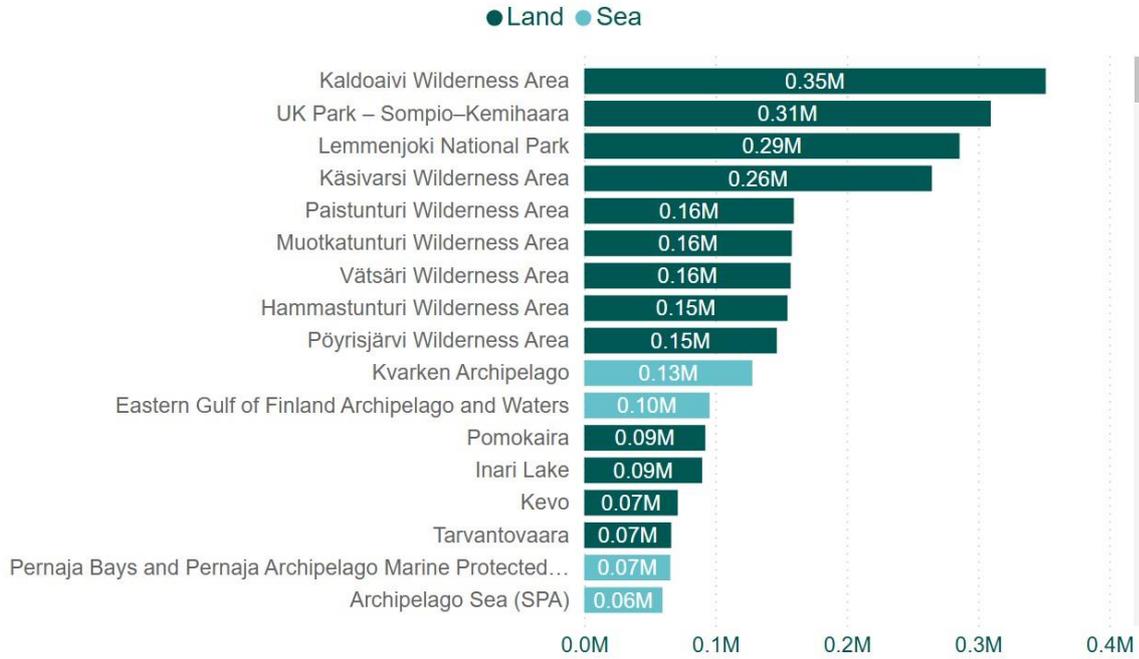


Figure 17: Areas of protected land

© Ministry of the Environment, Natura 2000 network

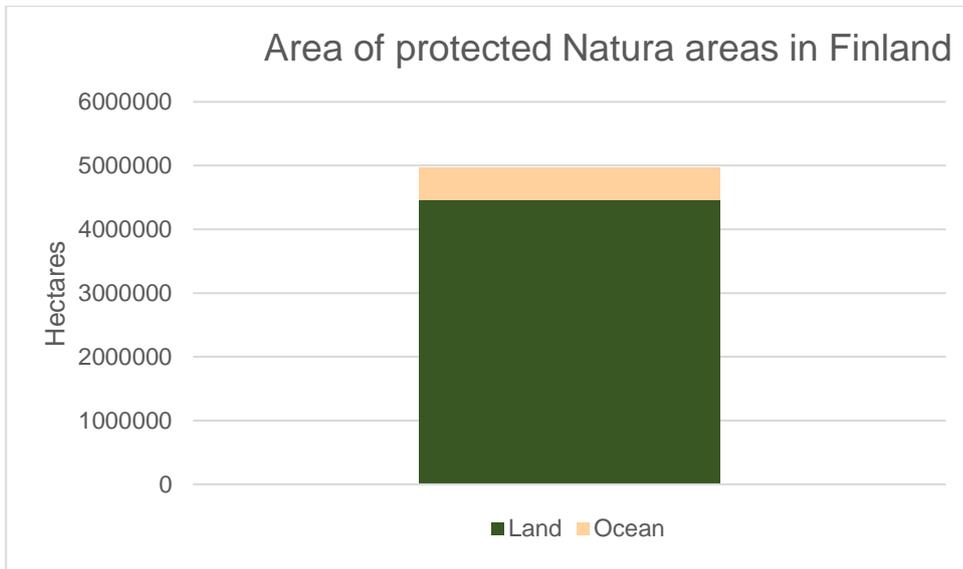


Figure 18: Areas of protected Natura areas in Finland

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Baseline ecological status of water bodies before each planning period

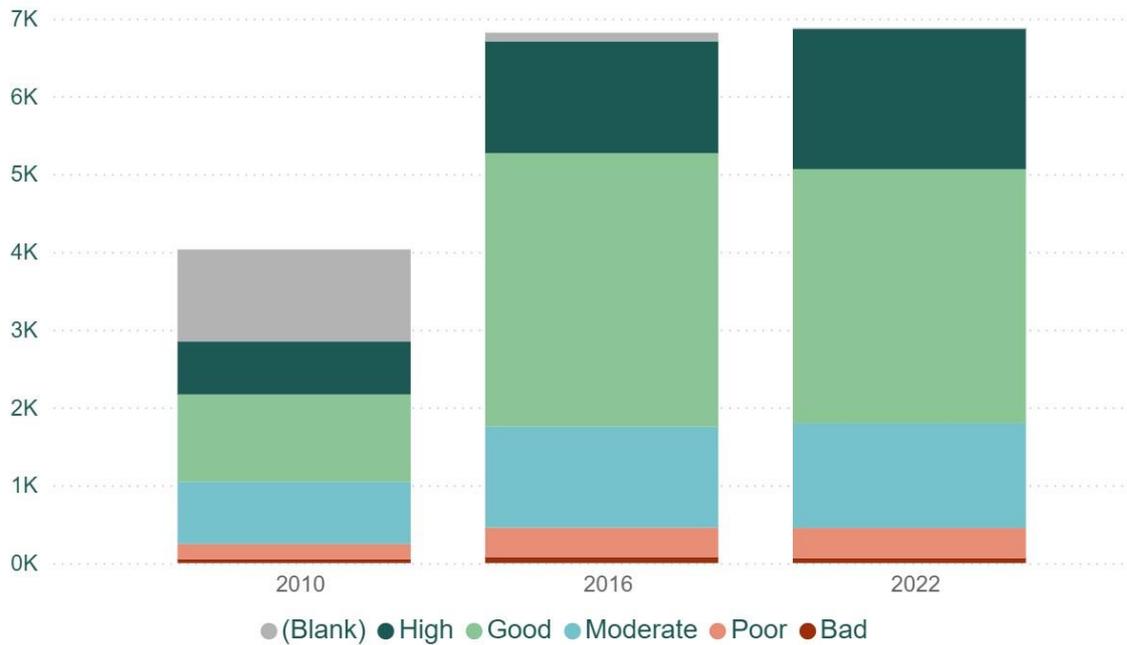


Figure 19: Baseline ecological status of water bodies before each planning period

© Finnish Environment Institute, water body models, www.vesi.fi/karttapalvelu

Point source loads to water bodies (tn)

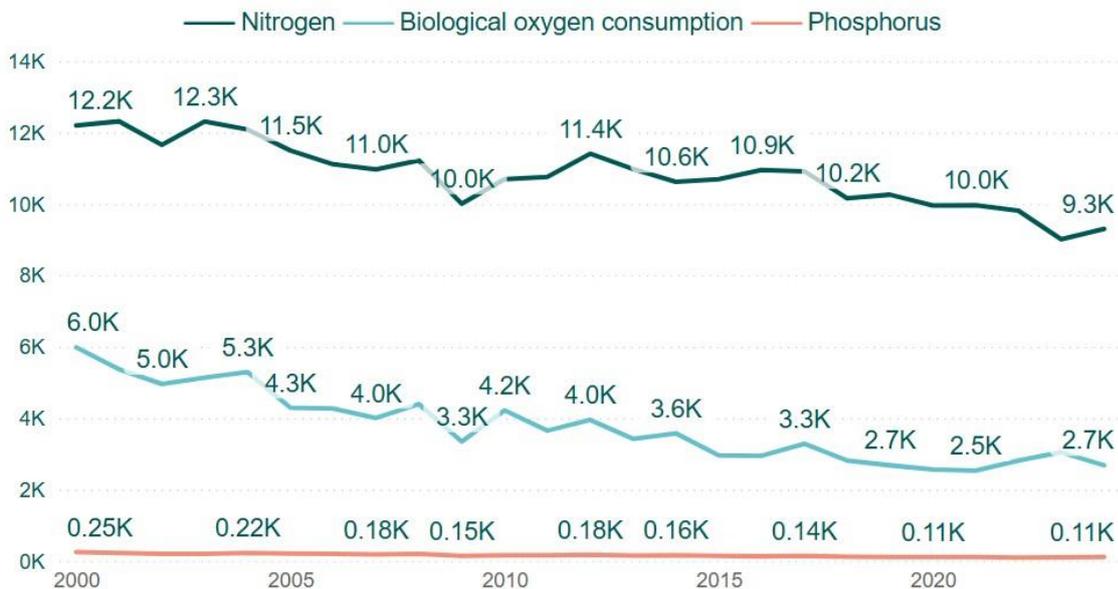


Figure 20: Point source loads to water bodies

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6. EFFECTIVE IMPLEMENTATION

6.1 Building the urban governance structure: establishing a supportive framework

Responsibilities and roles of municipalities and regional actors

- The 2023 reform transferred the organisation of social and health services from 308 municipalities to 21 wellbeing services counties
- In 2024, employment services were decentralised from the national level to municipalities and cities
- Challenges: Municipal service provision has become increasingly regulated, tightening financial conditions, including reduced state transfers and tax revenues + demographic trends such as ageing population, urbanisation, and low birth rates
- Finnish municipalities retain broad mandates by European standards, e.g., early childhood education, basic and upper secondary education, land-use planning, and employment services
- 18 regional councils responsible for regional development and planning, six Regional State Administrative Agencies (AVI), and 15 Centres for Economic Development, Transport and the Environment (ELY Centres). The Public Governance Strategy (2020–2030) supports administrative renewal across all levels of government

Legal and policy frameworks to implement urban policies

- National urban policy defined and guided through compiling specific strategic-level policy programmes or more directly based on the policy outlines of the Government Programme
- The cooperation and partnerships between the state and cities is a long-lasting element e.g. through the partnership-based cooperation model, MAL agreements (Land use, Housing and Transport agreements) and Ecosystem Agreements (with university cities and towns in Finland to build and strengthen innovation ecosystems)
- The main formal forum for cooperation and coordination of urban policy between the state and cities is the Urban Policy Committee that also coordinates the urban policy activities of various ministries
- The opportunities to promote sustainable urban development have improved as the cooperation has intensified, but explicit policy tools and funding for overarching sustainable urban development run low
- Challenges of sustainable urban development still lie in the variation of its status during various terms of government, in the resourcing that does not fully meet the urban development situation, and the need to better coordinate the state's sector policies

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

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

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, and gender-sensitive and age-friendly projects, exist to improve neighbourhoods in the capital region
- The recent reform of the health and social services has separated the administration of urban

Responsibilities and roles of municipalities and regional actors

The responsibilities of Finnish municipalities have shifted significantly in the 2020s. The 2023 reform transferred the organisation of the social and health services from 308 municipalities to 21 *wellbeing services counties*. In 2024, employment services were decentralised from the national level to municipalities and cities. Despite these structural changes, municipalities continue to play a key role in



promoting residents' wellbeing and regional vitality, while delivering services in an environmentally, socially, and economically sustainable manner.

Although there have been efforts to ease regulatory burdens, municipal service provision has become increasingly regulated. Municipalities' financial conditions have also been tightened, including reduced state transfers and reduced tax revenues, which has constrained their operational flexibility. Demographic trends, such as the ageing population, urbanisation, and low birth rates, further intensify municipalities' financial pressures.

Nevertheless, major cities have continued to strengthen their role as leaders of sustainable development. Finnish municipalities retain broad mandates by European standards, including responsibilities for early childhood education, basic and upper secondary education, land-use planning, and employment services.

Finland's governance structure also includes 18 regional councils responsible for regional development and planning, six *Regional State Administrative Agencies (AVI)*, and 15 *Centres for Economic Development, Transport and the Environment (ELY Centres)*. *The Public Governance Strategy (2020–2030)* supports administrative renewal across all levels of government.

Legal and policy frameworks to implement urban policies

National urban policy has been defined and guided in Finland either through compiling specific strategic-level policy programmes (like the *National Urban Strategy* during the years 2020–2023) or more directly based on the policy outlines of the Government Programme, as concerns the present government's term of office. A key long-lasting element has been the cooperation and partnerships between the state and cities. This element has recently been further increased.

The present Government Programme emphasizes strong urban policy built on a fair partnership between the state and cities. Alongside the more formal contractual agreements, a new type of cooperation has been introduced. The aim with these new types of strong and equal partnerships is to find solutions to various common challenges in a more efficient way. The present partnership-based cooperation is characterized by three main features: it focuses on jointly identified concrete challenges and operational work, there are no ear-marked resources, the financial resources potentially needed for the implementation of the solutions must be found elsewhere, and it is tailored to suit various types of cities and towns. At present, there are five different forms of partnerships (in brackets the ongoing themes): 1) strategic cooperation alliance for the six largest cities in Finland (lack of skilled persons in early childhood education and care; prevention of gang forming), 2) partnership of vitality for the three next largest cities (skills; physical exercise), 3) partnership of growth cities for the 13 medium-sized cities (culture as a vitality asset; renewed industry), 4) partnership for the three Eastern Finland border cities, and 5) regional urban cooperation for small cities and towns.

Besides the partnership-based cooperation the key tools for implementing urban policy in recent years have been various contractual instruments between the state and cities, especially *MAL agreements* (Land use, Housing and Transport Agreements, with seven largest urban regions in Finland, to promote a sustainable urban structure and transport system) and *Ecosystem Agreements* (with university cities and towns in Finland, to build and strengthen innovation ecosystems). In recent years, the EU's urban policy instruments have played an increasingly important role.

The main formal forum for cooperation and coordination of urban policy between the state and cities is the *Urban Policy Committee* (since 2007) that also coordinates the urban policy activities of various ministries. The reason for this is that the continued cooperation across, and coherence between, the government sectors is very important in the planning and implementation of urban-related policies, instruments and legislative projects.



The opportunities to promote sustainable urban development have improved as the cooperation has intensified, but explicit policy tools and funding for overarching sustainable urban development run low. This emphasizes the importance of successful mainstreaming of sustainability. To follow-up the progress, and to support the consistent and long-term sustainability work of Finnish cities, a comprehensive but sufficiently compact set of some 50 key indicators of sustainable urban development has been developed. Challenges of sustainable urban development, and overall urban policy, still lie in the variation of its status in the 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 and e.g. the share of women in the boards of the listed companies was only 28,7% in 2018. Sámi and Roma women are underrepresented in political and public activities, and women with immigrant backgrounds, disabilities, and people belonging to gender minorities, are also underrepresented in political decision-making at all levels.

In recent years the share of women candidates and delegates in parliamentary and municipal elections has been approximately 40-50%. In the parliamentary elections of 2023 43 % of the candidates and 46 % of the delegates were women. In the European Parliament elections, the share of women of the Finnish delegates chosen has been approximately 40%. In January 2022 the first regional elections were held. 54,6 % of the candidates were women and 53,3% of all the delegates chosen were women.⁴¹

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 a minority in the highest positions of local government, to which quotas do not apply, and election funding has been imbalanced in favour 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.

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

Despite 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 in the national, regional or local level. In addition, there is a lack of gender competence in the planning organizations, as the only institution on equality 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.

In addition, there are a few gender-sensitive and age-friendly projects to improve neighbourhoods in the capital region. However, one of the new constraints is the recent *reform of the health and social services* that has transferred the responsibility for the organisation of health and social services from 308 municipalities to 21 health and social services counties. As the administration of the counties is distant from the municipalities, the basis of the service system, i.e. the supportive infrastructure of everyday life consisting of the planning of the physical, functional and participatory structures, is separate from decision-making. Thus, urban planning and development, which is the responsibility of the municipalities, is no longer closely connected to the social and health services.

⁴¹ [Statistics Finland](#)



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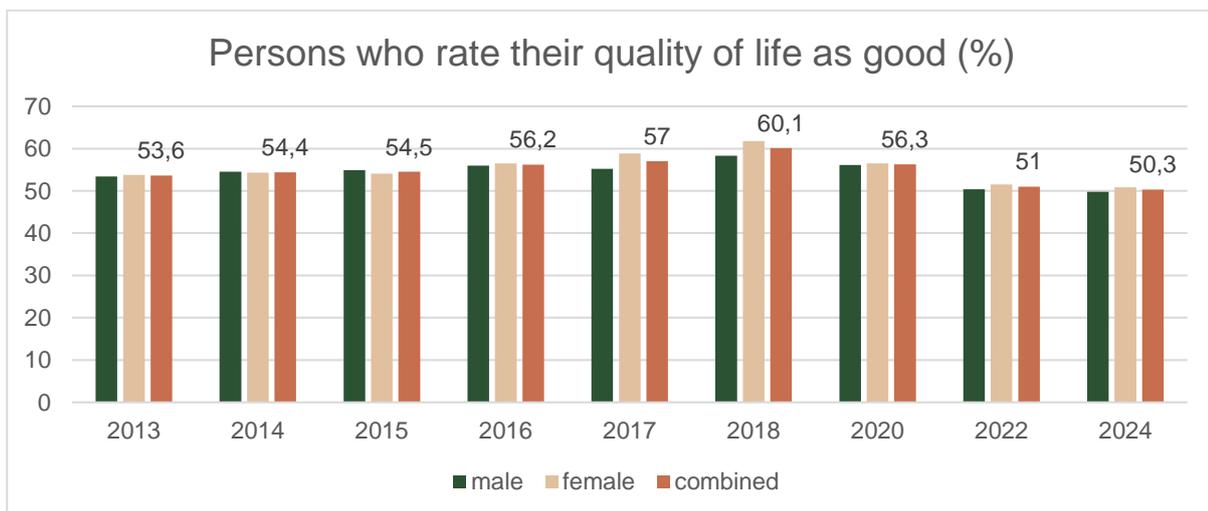


Figure 21: Persons who rate their quality of life as good

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6.2 Planning and managing of urban spatial development

Legal frameworks

- 2025 the Land Use and Building Act was divided into the Land Use Act and the Construction Act
- Guidance for land use planning is based on the Land Use Act - enters into force in 2026
- Regional and municipal planning directed by national land use guidelines/steering instruments
- Land use influenced by various regional and municipal strategies, municipal land policy and the construction order
- The Regional Development Act steers territorial development
- Planning hierarchy: regional plans, municipal master plans, and detailed local plans + National Land Use Objectives (VATs) adopted in 2017 for nationally significant land use goals
- Finland is divided into 19 provinces, where regional councils are responsible for regional planning and spatial strategies, while municipalities lead local planning

Integrate housing into urban development plans

- Since 2010, MAL agreements (land use, housing, and transport) a key tool in the 7 largest city regions for sustainable development of the urban structure and affordable housing solutions

Inclusion of culture as a priority component of urban planning

- Guided by the Land Use Act (preservation of landscape/cultural heritage at all levels of planning), planning regulations (urban image/urban building heritage), and National Strategy for the Cultural Environment (2004-2020) followed by the Government Resolution for the Cultural Heritage Strategy 2023–2030 which is in line with the Architectural Policy Programme 2022-2035
- Government decision (2018) to safeguard nationally valuable cultural environments/natural heritage + national urban parks can be established by the Ministry of the Environment

Planned urban extensions + infill, urban renewal, regeneration

- In the 7 largest cities the focus of construction is on infill construction
- Urban development increasingly directed along public rail transport corridors
- Since 2021 progress in urban renewal, infill development, and planned urban extensions

Role of small/intermediate cities/towns:

- The share of population living in urban areas has grown from 64% to 73% during 2000-2020
- The coverage of the urban network has remained country-wide with growth at the largest urban regions - decline in new construction and low housing prices elsewhere
- Government development programmes of cities of different sizes e.g., the regional urban programme for the second largest cities of a regional centre

Public spaces, streets, sidewalks, cycling lanes

- Land Use Act steers - planning by municipalities
- In 2024, walking accounted for 20% and cycling for 9% of all journeys made

Public transport system and multimodal public transport systems

- The Act on Transport Services a broad regulatory reform with the aim of enabling digitalisation and innovations + MAL agreements guide transport planning
- National Transport System Plan 2021-2032 + 12-year government funding programme: promotion of servicisation of mobility including MaaS, walking and cycling
- Investment programme for walking and cycling: government transfers for infrastructure
- 35 local authorities define the public transport service obligation in their region - several operators in large cities
- Public funding covers 47% of public transport funding – heavily subsidised in large cities

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 government's decisions on *National Land Use Objectives (VATs)* adopted in 2017, and *Regional Development* adopted in 2020, outline issues of national significance. National policies are implemented in the activities of various administrative branches.

Regional development is governed by the *Regional Development Act* and the *Government's Regional Development Decision (2024–2027)*, which define national priorities for balanced territorial development. These are implemented by ministries and regional councils through development programmes and cooperation mechanisms. Although land use planning and regional development are governed by separate laws, their coordination is promoted through strategic planning and shared objectives

Since 2016, Finland has continued to develop its legal and administrative frameworks for land use planning to support sustainable, inclusive, and well-managed urban spatial development. A major structural change occurred in 2025, when the Land Use and Building Act was divided into two separate laws: the *Land Use Act (Alueidenkäyttölaki)* and the *Construction Act (Rakentamislaki)*. The Land Use Act is due to enter into force in 2026, and it governs land use planning and zoning, while the Construction Act regulates building activities.

The Land Use Act maintains the existing planning hierarchy, regional plans, municipal master plans, and detailed local plans, and continues to implement the VATs. The reform aims to streamline planning procedures, improve legal clarity, and strengthen the integration of housing, climate resilience, and investment conditions into land use planning. Under the Land Use Act, the government may also decide on obligatory national land use targets. Land use is also influenced by various *regional* and *municipal strategies, municipal land policy* and the *construction order*.

Finland is divided into 19 provinces, where *regional councils* are responsible for regional planning and spatial strategies, while municipalities lead local planning. ELY Centres (Centres for Economic Development, Transport and the Environment) monitor and support municipal planning. The planning system ensures property rights and public participation, including the right to appeal planning decisions. Planning processes increasingly incorporate digital tools, spatial data, and evidence-based approaches. Progress has also been made in urban renewal, infill development, and planned urban extensions, particularly in growing urban regions. MAL agreements (land use, housing, and transport) have become a key tool for coordinating national and local efforts in the seven largest city regions. These agreements promote integrated planning and sustainable mobility, including public transport and non-motorized transport options.

While the legal framework is well-established, challenges remain in ensuring coordination across planning levels, addressing housing affordability, and integrating cultural and social sustainability into spatial planning. The role of small and intermediate cities is increasingly recognized in national strategies, though implementation varies regionally.

Integrate housing into urban development plans

Since 2010, Finland has been using the agreement procedure between the central government and municipalities in urban areas on land use, housing and transport (the *MAL agreements procedure*). The aim of the agreements is to promote socially, ecologically and economically sustainable development of the urban structure of urban regions based on climate change mitigation and adaptation. The aim is also to secure diverse and affordable housing solutions for people who are worst off. The agreements prevent segregation and polarisation within regions and reduce homelessness. The aim is also to increase the use of sustainable mobility, such as public transport, walking and cycling.

In 2016–2021, the MAL agreements procedure has been applied to the seven largest urban regions (Helsinki, Tampere, Turku, Oulu, Jyväskylä, Kuopio and Lahti regions). Since 2021, three new urban regions have been included, after which some 55% of Finnish residents live in municipalities covered by the MAL agreement procedure. In the agreements, the state allocates both steering and financial support



to urban regions. For example, the state supports public transport projects such as tramlines and rental housing production. The municipalities commit to direct housing production to places that support sustainable mobility. The ambitious housing production targets set for the regions have increased affordable housing production in the largest cities, where both owner-occupied and rented housing are the most expensive.

Inclusion of culture as a priority component of urban planning

Cultural environments are protected through different instruments: The Land Use Act requires that special attention is paid to preserving landscapes 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. It was followed by *the Government Resolution for the Cultural Heritage Strategy 2023–2030*. Also, the *Architectural Policy Programme 2022–2035* supports the same goals. 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.

At the request of a city, 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.

The government decision on the national land use targets also states that it is important to ensure the development of the 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 requirements of the legally defined regional plans, local master plans and detailed plans include the sustainable use of the existing community structure. In the seven largest city regions, the focus of construction during the last five years has been on infill construction of the existing urban structure. Urban development is increasingly directed along public transport corridors enabled by light rail, metro, and urban railway lines.

Since 2021 progress has been made in urban renewal, infill development, and planned urban extensions, particularly in growing urban regions. MAL agreements have become a key tool for coordinating national and local efforts in the seven biggest city regions.

The role of small and intermediate cities and towns

Urbanisation accelerated in the 2000s. The share of the population living in urban areas has grown from 64% to 73% and the share of jobs located in urban areas has grown from 73% to 80% during the years 2000-2020. The growth has focused especially on the seven largest and a few other urban regions. In medium-sized and small urban areas and in the vicinity of the cities, the population has started to decrease slightly. The examination of urbanisation is based on permanent residence. If multi-location is considered, the urbanisation rate is lower, but the direction of the change is the same.

Urbanisation will continue in the coming decades, but the ageing of the population will slow down the development as the number of young people moving into cities decreases. The urbanisation rate of the population will rise to 79% and that of jobs to 85% by 2050. The size of older age groups is growing especially in the urban areas. The changes in immigration may have a significant impact on population development and urbanisation in the future.

Urbanisation has an impact on the availability of skilled labour, and the need for services in different parts of the country. The need for educational places will increase in the largest cities, but the importance of higher education will remain central also in the medium-sized cities.



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 the population forecast, more than 80% of the future growth in urban areas will take 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. Especially, in areas with shrinking populations, the increasing oversupply and underutilisation of dwellings and low housing prices, pose a challenge. Low collateral values make it difficult to secure funding for renovations.

The Association of Finnish Cities and Municipalities acts as the guardian of the interests of the 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 Act. In 2024, walking accounted for 20% and cycling for 9% of all journeys. In the largest cities, around 85–90% of cycle routes are maintained by municipalities. Seasonal variation affects the mode of transport selected.

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 35 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 47% of public transport revenue and public transport is heavily subsidised in the largest cities.

In 2021 the Ministry of Transport and Communications completed the *National Transport System Plan 2021-2032* including a 12-year government funding programme. The Plan is revised for 2026-2037. Finland aims to boost *servicisation of mobility*, including *Mobility as a Service (MaaS)*, and walking and cycling, through policy and legislative measures such as updating provisions on transport and logistics data, to promote the deployment of intelligent transport systems and the use of transport data. *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 *government grants for walking and cycling* support 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 22 in total in 2024.



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Population and jobs in pedestrian and public transport zones

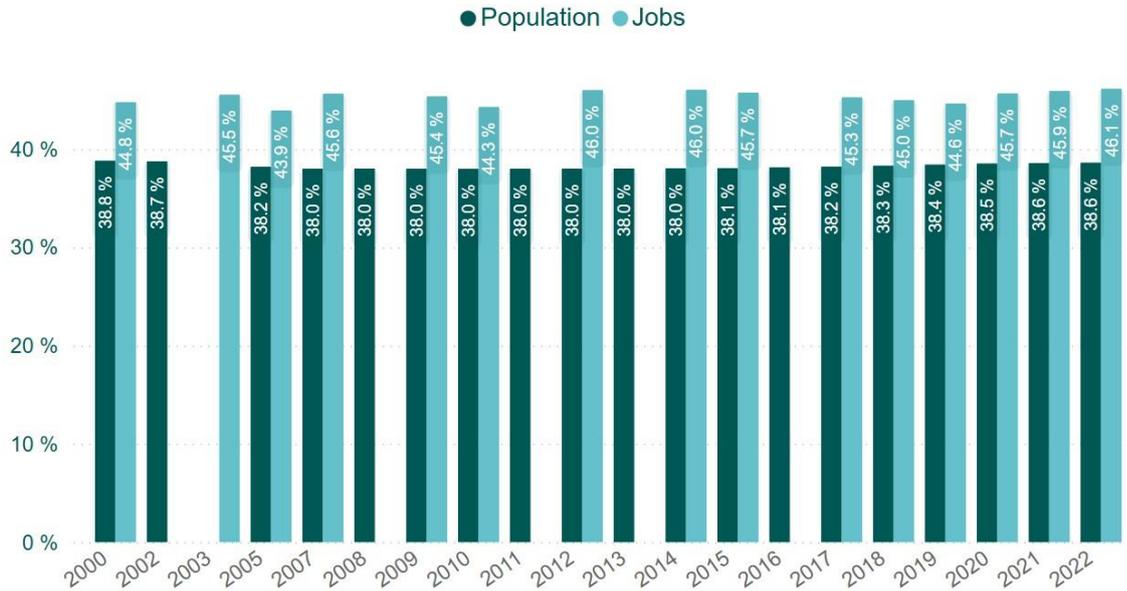


Figure 22: Population and jobs in pedestrian and public transport zones

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Share of forest land of total area

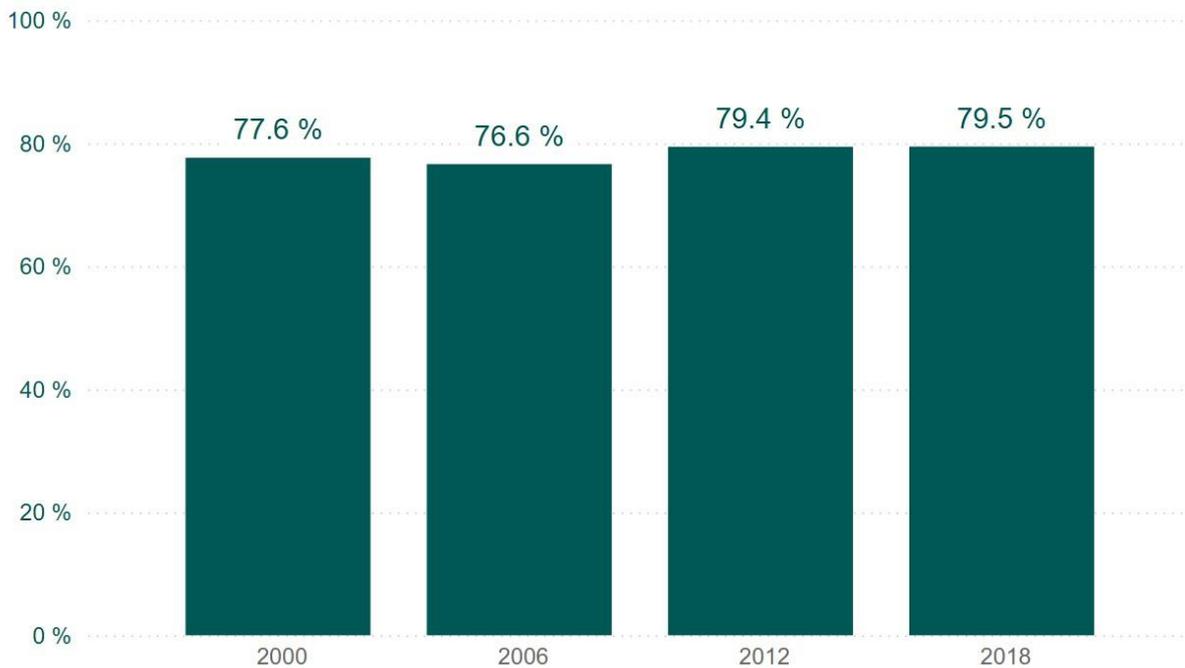


Figure 23: Share of forest land of total area

© Finnish Environment Institute (Changes in forest land are used to indicate the expansion or contraction of built-up areas).



Local services within 500m distance

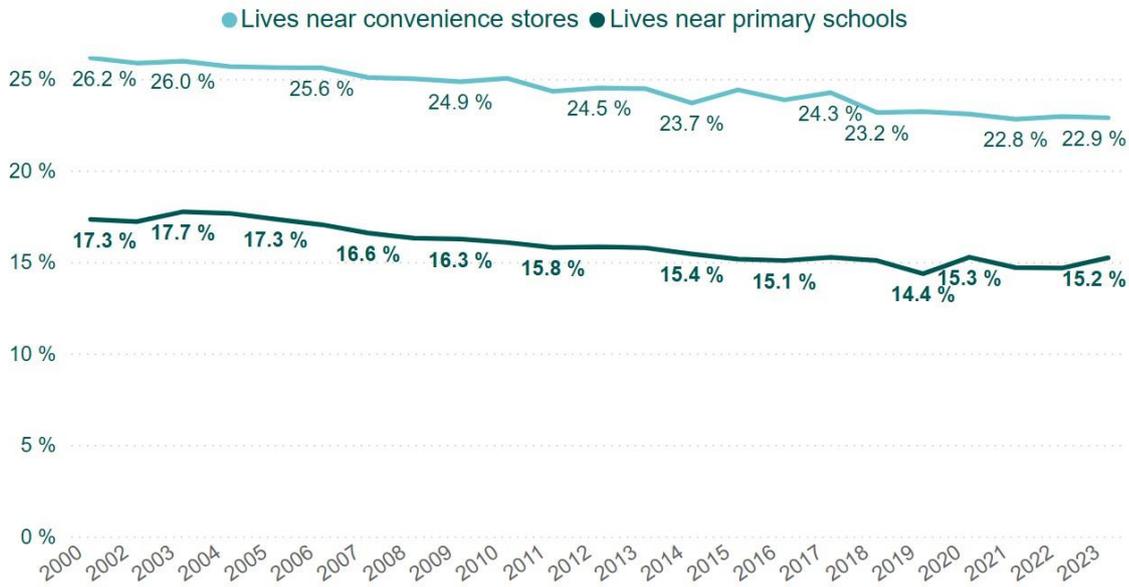


Figure 24: Local services within 500m distance

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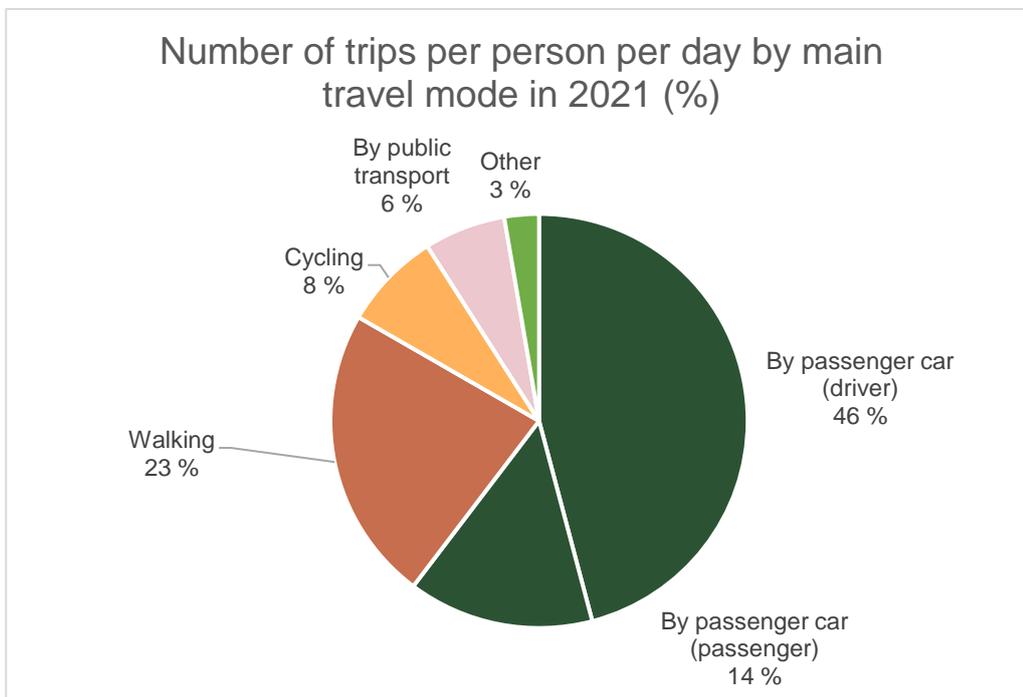


Figure 25: Modal Share

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6.3 Mobilization of financial resources

Revenue base of local governments

- Municipal taxation (ca. 50%), state funding for statutory basic public services (ca 12%), operating income (ca. 25%) and borrowing (ca. 9%)
- 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
- The wellbeing services counties (since 2023) are self-governing regions that took over the responsibility for organising healthcare, social welfare and rescue services but do not have taxation rights, and their funding is almost entirely based on central government transfers

Mobilize and establish financial intermediaries for urban financing

- MuniFin: the only financial institution in Finland specialised in financing of municipal/non-profit sectors
- The European Regional Development Fund (ERDF) – The actions of the ERDF have been assembled under the *Innovation and Skills in Finland 2021–2027* programme

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): EUR1,949 billion from the one-off EU recovery package Next Generation EU, Recovery and Resilience Facility
- The *Transport 12 -plan* (2021): For the period of 2022-2029 approx. EUR 3 billion of which approx. EUR 2,3 to transport network and EUR 800 million to maintenance.
- 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 aimed to implement the goals of the NUA, the SDGs, and the Urban Agenda of the EU: supported cities' own sustainability work and strengthened the partnership between central and local government
- The budget of the programme was EUR 6 million and the programme funding for pilots and calls EUR 4,4 million (+ EUR 1,6 million partner funding)
- 95 cities/municipalities + 70 other organisations participated

Revenue base of local governments

Finnish cities and municipalities manage their own finances. The main source of income for local government in Finland is tax revenue (in average approx. 48% of local income in 2025⁴⁴) e.g., through the income tax, the corporation tax and the real estate tax. Municipalities have the right and the responsibility to annually decide the level of the municipal income tax⁴⁵ and the real estate tax that is decided within a range defined by law⁴⁶. Other major income sources for municipalities are operating income and borrowing. In average approximately 25% of the municipalities' revenues in 2025 come from operating income such as sales income, fee income, subsidies and grants, rental income and capital gains from the sale of asset, and approx. 9% from borrowing.¹

⁴⁴ [2296-Kuntatalous-monen-muuttujan-summa-2025.pdf](#)

⁴⁵ [Taxation of earned income - Valtiovarainministeriö](#)

⁴⁶ [Real estate taxation - Valtiovarainministeriö](#)



Most of the municipal expenditure consists of the costs of the statutory basic public services which the local authorities have the responsibility to organise. 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)*⁴⁷. The cost division in welfare services between the central government and the local level is currently 70% for municipalities, 30% for the central government. In average approximately 12% of the municipal revenues come from the state grants in 2025¹. Another large expenditure in municipalities are the different wage-related payments.

Municipalities aim to improve the competitiveness of the local economy to increase tax income and thereby resources needed to produce municipal services. For large cities, the importance of their own tax revenue is emphasized, whereas small municipalities with a declining population are often dependent on central government transfers. The local authorities have the option to take industrial policy measures e.g. business advisory services and development projects, construction and rental of premises for business use, the supply of plots for enterprises, and the marketing of the region. Various development and investment projects can also boost local vitality with potential co-financing from the EU and the state.⁴⁸

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 the needs for pre-primary or basic education, and from the beginning of 2025 also the employment and economic development services, considering the age structure, broad unemployment, demographic change, and other conditions such as bilingualism, the prevalence of foreign-language speakers and population density. Since 2015, the central government transfers for new and expanding tasks are 100%. In 2025, government transfers and grants to local government totalled around €5.7 billion, the computational central government transfers totalled approximately €4.7 billion (€3.7 billion for basic services), and other government transfers and grants were approximately €0.5 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 operating conditions.

The wellbeing services counties are self-governing regions that took over the responsibility for organising healthcare, social welfare and rescue services as of the 1st of January 2023. The wellbeing services counties do not have taxation rights, and their funding is almost entirely based on the central government transfers. Since the counties are self-governing, they decide on the use and allocation of their funding. The level of funding is adjusted annually based on the estimated service demand and the growth in the level of costs. The ex-post adjustment of the funding is part of the funding model. It is determined based on realized expenditure with a two-year delay.

In 2024, central government funding to wellbeing services counties amounted € 26.2 billion. Other central government transfers and grants totalled approximately € 0.7 billion.

⁴⁷ Act on Central Government Transfers to Local Government for basic public Services (1704/2009): <https://www.finlex.fi/api/media/statute-foreign-language-translation/252162/mainPdf/main.pdf?timestamp=1997-12-30T00%3A00%3A00.000Z>

⁴⁸ [Local government finances | LocalFinland.fi](https://www.localfinland.fi)



The level of funding allocated to counties is based on imputed criteria. The calculation model considers several criteria, such as the number of residents in the wellbeing services county, coefficients describing the need for healthcare and social welfare services, and coefficients describing regional characteristics (for example, bilingualism, speakers of foreign languages, and population density).

Wellbeing services counties have the right to receive additional funding from the central government if the funding of an individual county is insufficient to produce services and the statutory fundamental rights of its residents are at risk. Additional funding can be granted based on an application by the county or on the initiative of the Ministry of Finance, Ministry of Social Affairs and Health or Ministry of the Interior.

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 the non-profit sector. MuniFin is one of Finland's largest credit institutions: the company's balance sheet totals EUR 53,1 billion (2024). The company is owned by Finnish municipalities, the public sector pension fund Keva and the state. MuniFin grants financing for the municipal sector, affordable housing sector, and the wellbeing service counties. 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 intends to help to redress the main regional imbalances in the European Union. The actions of the ERDF have been assembled under the *Innovation and Skills in Finland 2021–2027* programme. The programme has three priority areas to finance ERDF projects: *Innovative Finland, Carbon neutral Finland and More Accessible Finland*. The EU funding received by Finland from the ERDF is approximately EUR 837 million. In addition, national public and private funding is channelled into the measures, bringing the total ERDF funding for the 2021-2027 programming period to approximately EUR 1.5 billion.⁴⁹

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 (2021–2026) funding is approximately EUR 1,949 billion and it comes from the one-off EU recovery package Next Generation EU, Recovery and Resilience Facility. The implementation supports 1) green transition, 2) digitalisation, 3) employment and skills, 4) health and social services and 5) development and Innovation through the Academy of Finland and Business Finland. As of May 2025, Finland has allocated 52.3 % of its Next Generation EU funding to the green transition, serving its ambition to achieve carbon neutrality by 2035, while digital expenditure accounts for 28.9 % of the overall resources.⁵⁰

The *Transport 12* -plan (2021) is a strategic document for a period of 12 years that discusses Finland's transport system on the national level covering all transport modes.⁵¹ The financing comes from the central government funds, EU support, and co-financing with urban regions and businesses.⁵² For the period of 2022-2029 the total funding amount is approximately EUR 3 billion of which approximately EUR 2,3 billion will go to the development of railways, road networks and waterways, and approximately EUR 800 million to improvement projects for basic infrastructure maintenance. These numbers are updated annually by the Finnish Transport Infrastructure Agency.⁵³

⁴⁹ [European Regional Development Fund \(ERDF\) | Structural funds](#)

⁵⁰ Finland's National Recovery and Resilience Plan: Latest state of play: [Finland's National Recovery and Resilience Plan: Latest state of play | Think Tank | European Parliament](#)

⁵¹ [National Transport System plan, Transport 12 -plan - Finnish Government](#)

⁵² [Investment programme - Finnish Transport Infrastructure Agency](#)

⁵³ [Finnish Transport Infrastructure Agency's annually updated investment programme for 2022-2029 published - Finnish Transport Infrastructure Agency's annually updated investment programme for 2022-2029 published](#)



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 a 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 the *National Action Plan for Sustainable Urban Development* called the *Sustainable City Programme (2019–2023)* which was coordinated by the Ministry of the Environment. The partnership-based programme was part of the Government's urban policy and aimed to implement the goals of the NUA, the SDGs of the Agenda 2030 and the Urban Agenda of the EU. The programme accelerated environmentally and socially sustainable urban development by supporting cities' own sustainability work and strengthening the partnership between central and local government. The budget of the programme was EUR 6 million and the programme funding for pilots and calls EUR 4,4 million (+ EUR 1,6 million partner funding). A total of 95 cities and municipalities, and approximately 70 other organisations, participated in the programme's development projects. According to the final evaluation, the programme was an effective and agile tool to increase multi-sectoral cooperation, to strengthen the dialogue and cooperation between central and local government, and to share new solutions for sustainable urban development.

Authors of the 2025 updated edition (modified from the 2021 NUA report⁵⁴):

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- ***Financial transfers from national to local governments:*** Kati Jussila, Senior Financial Adviser, Ministry of Finance
- ***Mobilize and establish financial intermediaries for urban financing:*** Emma Lappalainen, CEO, Finngroup Consultants
- ***Linking urban policies to finance mechanisms and budgets:*** Emma Lappalainen, CEO, Finngroup Consultants
- ***The Sustainable City programme implementing the goals of the New Urban Agenda (NUA):*** Virve Hokkanen, Senior Specialist, Ministry of the Environment

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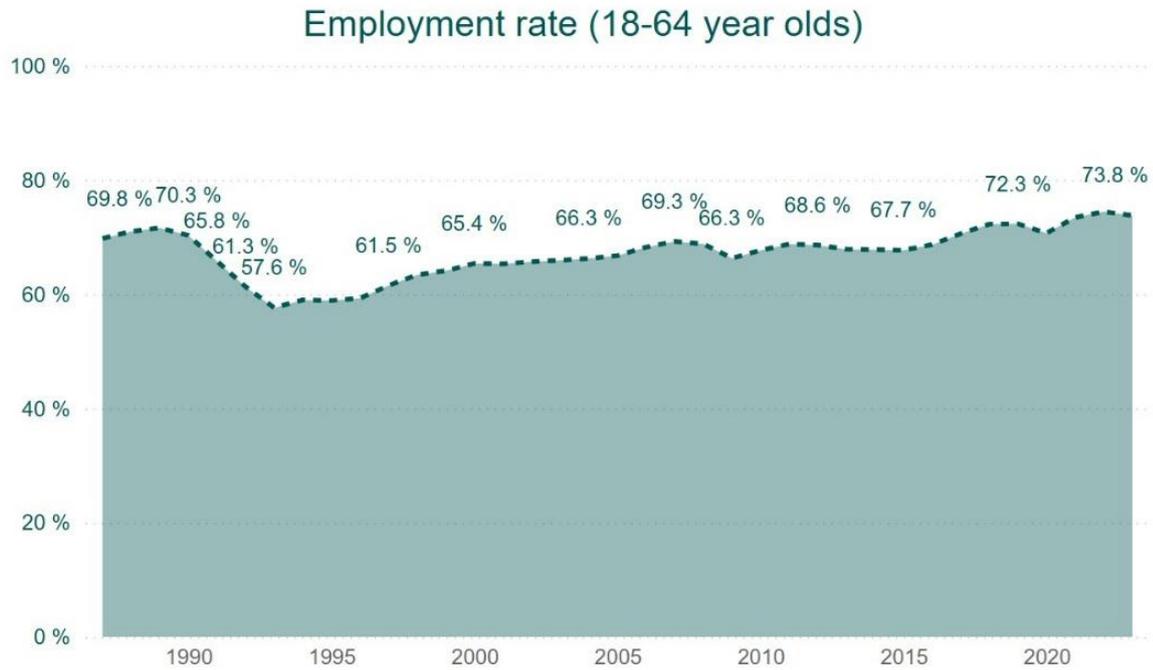


Figure 26: Employment rate

© Statistics Finland

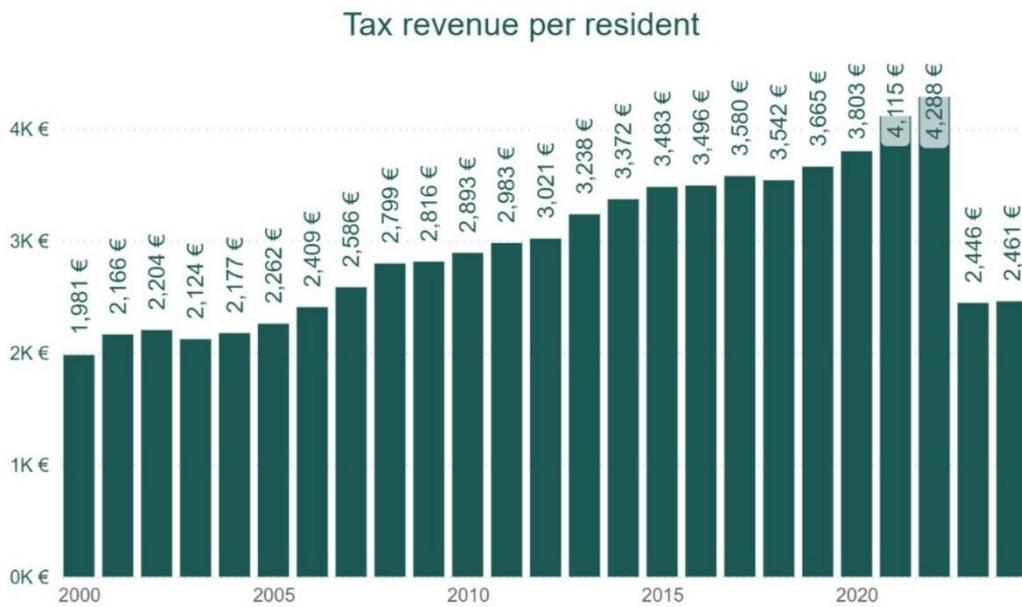


Figure 27: Tax revenue per resident

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Public debt per resident

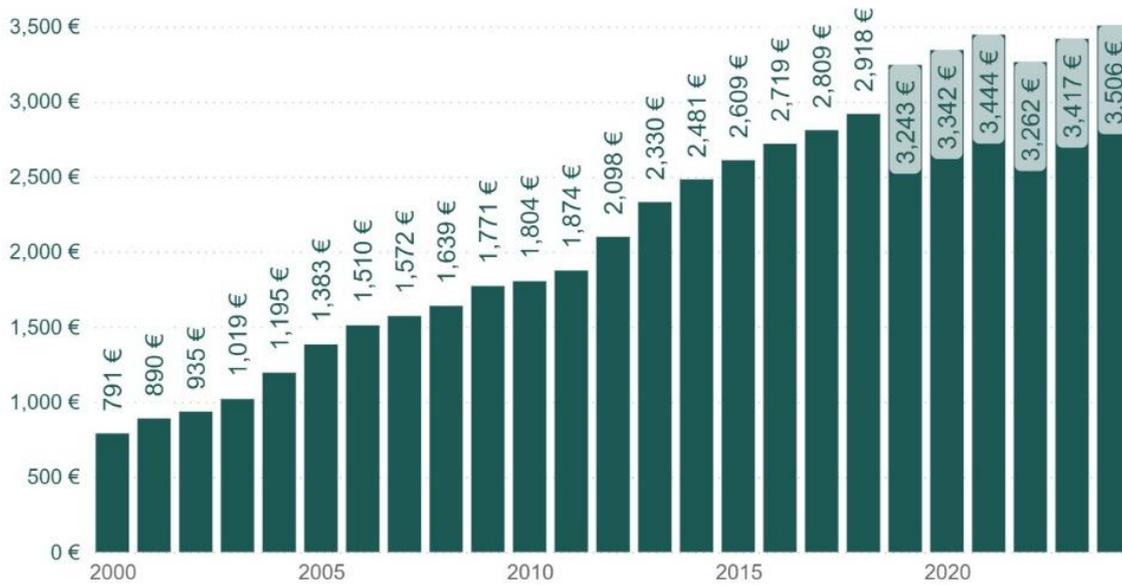


Figure 28: Public debt per resident

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6.4 Capacity development and enhanced knowledge-sharing

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

- Several active city networks focusing on sustainability e.g., Finnish Sustainable Communities (Fisu), Towards Carbon Neutral Municipalities (Hinku), Nature Municipalities, The Healthy Municipality Network, and the C21 + international networks
- The Energy Efficiency Agreement for the Municipal Sector (KETS) consists of over 150 municipalities and 12 joint municipal authorities.
- The national Land use, Housing and Sustainable Transportation Network (MAL network) supports the cooperation between the central government and city regions
- The Finland UN-Habitat Strategic Partnership provides since 2022 a framework for cooperation aimed at harnessing the experience of Finland and UN-Habitat on SDG localization: The cities of Helsinki, Tampere, Espoo, and Vantaa that have conducted Voluntary Local Reviews, as well as, the Association for Finnish Cities and Municipalities, engage with other cities and partners to implement the NUA and Agenda 2030

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): however, the participation of vulnerable groups has not been a focus
- Cooperation between state, cities, NGOs and residents has increased participation in regional/urban development but not systematically, and without established operating environments
- Since the Wellbeing Service County Reform (2023), responsibility for social and health services has transferred from cities to counties: vulnerable groups engaged in decision-making processes through statutory councils, resident panels, and experience-based advisory groups – lack of resources limiting engagement activities
- Decision-making has recently focused more on the multi-crisis situation than on the situation of vulnerable groups and the political climate has become harsher towards vulnerable groups: many national programmes supporting the participation of vulnerable groups have ended and social security measures have been cut creating new vulnerable groups

Local government associations

- The Association of Finnish Cities and Municipalities (AFCM) is formed by municipalities/ cities and it e.g., undertakes lobbying activities, hosts city networks, and builds capacities

Capacity development in financial planning/ management

- General Government Fiscal Plan sets medium-term fiscal objectives for the public sector and its sub-sectors: as part of this process, a Local Government Finances Programme assesses the financial position of municipalities and evaluates their capacity to provide basic services in line with available funding and the measures proposed
- Transparency: The Local Government Financial Data Model enables automatic financial reporting required under the Local Government Act, State Treasury's reporting service for local government finances, and Tutkikuntia.fi that shows local financial information

Improved capacity for urban planning and design:

- Higher education related to urban planning/design organized in various universities
- 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, which promote sustainable urban development and support cooperation and knowledge sharing between cities. *Finnish Sustainable Communities (Fisu)*, the *Towards Carbon Neutral Municipalities (Hinku)* and *Nature Municipalities* focus on different aspects of environmental sustainability. *The Energy Efficiency Agreement for the Municipal Sector (KETS)* is a key



instrument to achieve the energy efficiency targets and consists of more than 150 municipalities and 12 joint municipal authorities. The national *Land use, Housing and Sustainable Transportation Network (MAL network)* supports the cooperation between the central government and city regions, and *Living City Centres of Finland* promotes the development and vitality of city centres. *The Healthy Municipality Network* focuses on advancing health and wellbeing in cities and municipalities. The C21, the network of the 21 largest cities in Finland, strengthens urban policy debate and the joint lobbying of cities. 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*.

A new peer group has emerged from cities reporting to the UN on the SDG objectives of the Agenda 2030 (*Voluntary Local Review*). Since 2022, the Finland-UN-Habitat Strategic Partnership for the SDGs has provided a framework for cooperation aimed at harnessing the experience of Finland and UN-Habitat on SDG localization. Based on the unique experience of Finnish local governments and associations, the cities of Helsinki, Tampere, Espoo, and Vantaa, as well as, the Association for Finnish Cities and Municipalities, engage with other cities and partners to implement the New Urban Agenda and the Agenda 2030.

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. Sustainability thinking has gained weight in city strategies. 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.

Despite these developments, the participation of vulnerable groups has not been the focus of urban and regional development. The cooperation between the state, cities, NGOs, and residents has previously strengthened participation in regional and urban development and the diversity of participatory 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.

Since the Wellbeing Service County Reform came into effect in 2023, responsibility for social and health services has transferred from cities to counties. Counties engage vulnerable groups in decision-making processes through statutory councils, resident panels, and experience-based advisory groups. While the level of participation varies regionally, the overarching goal remains to empower older adults, disabled individuals, and young people to meaningfully influence the services that impact their lives. However, the lack of resources in counties has limited their activities in the areas of prevention and social support. Funding for civil society organisations has also been cut at all levels of government. This has had a particularly significant impact on elderly people in need of care, hard-to-reach young people, and many immigrant groups.

Political discussion and decision-making have focused more on the multi-crisis situation than on the situation of vulnerable groups. Public discourse and national decision-making have focused on the impact of the pandemic, inflation, energy prices, the war in Ukraine, and public debt. Many national programmes supporting the participation of vulnerable groups in decision-making have ended, and new ones have not been established. The political climate has become harsher towards vulnerable groups. With the aim of creating economic growth and restructuring the labour market, social security measures, including housing allowances, have been cut. This has created new vulnerable groups, especially among women, such as single mothers and those with an immigrant background.



Support local government associations as promoters and providers of capacity development

The Association of Finnish Cities and Municipalities (AFCM), composed of Finnish municipalities and cities, plays a central role in supporting local governance. It advocates on behalf of municipalities and facilitates numerous networks that span a wide range of municipal functions, city sizes, and thematic areas, including integrated approaches to sustainability, such as social sustainability, wellbeing, local democracy, and climate action.

AFCM actively supports the implementation of the SDGs at the local level through several targeted network projects. These include the *Strategic Management of SDGs in Cities, Climate Municipalities, New-Generation Organisations and Management*, and *Sustainable Local Government Finances* projects. Since 2021, the Strategic Management of SDGs in Cities project has developed a range of tools and guides to support the strategic integration of the SDGs into municipal governance.

For the past three years, AFCM has also supported collaboration among Finland's largest cities within the framework of the Finland–UN–Habitat strategic partnership. Looking ahead, AFCM will join the UN–Habitat Partnership Platform to further strengthen multilevel dialogue and contribute to Finland's sustainable development efforts.

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

Since 2015, policymakers have agreed, alongside the state budget, on a *General Government Fiscal Plan*, which sets medium-term fiscal objectives for the public sector and its sub-sectors. As part of this process, a *Local Government Finances Programme* is also prepared. The programme is coordinated by a secretariat comprising all key ministries and the Association of Finnish Cities and Municipalities. It assesses the financial position of municipalities and evaluates their capacity to provide basic services in line with available funding and the measures proposed in the state budget.

A central instrument in the government's fiscal policy steering is the spending limits procedure, which sets a maximum ceiling for approximately 85 per cent of central government budget expenditure. Under the revised EU fiscal framework, the medium-term plan focuses on the so-called net expenditure path, which limits the growth rate of nationally financed net baseline expenditure. This includes the expenditure of municipalities and wellbeing services counties.

The Local Government Financial Data Model is an operational framework that enables the automatic financial reporting required under the Local Government Act. The reporting service for local government finances, maintained by the State Treasury, publishes all financial data reported by municipalities. In addition, the *Tutkikuntia.fi* service provides further financial information on 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, through the disciplines of architecture, landscape architecture, urban design, geography, and 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 that several other countries in Europe and the United States have. To be a qualified formal planner in Finland one needs to have the appropriate special training or studies for the planning and design task (as part of the study degree structure, or as minor studies) and the sufficient work experience required by the complexity of the task. The study requirement depends on the completed degree and includes coursework in the basics of urban planning, as well as, in detailed and general urban planning. Because many disciplines or study



programmes in higher education in Finland can contribute to the training of certificated urban planners, an integrated or multidisciplinary approach is needed. To promote an integrated approach, e.g., 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)*.

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- **Capacity development of subnational and local governments in financial planning and management:** Eveliina Kiema-Majanen, Senior Adviser, The Association of Finnish Cities and Municipalities
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6.5 Technology and innovation

Participatory data and digital platforms

- Finland's Digital compass, a national digitalization strategy, sets the course for Finland's digital transformation until 2030
- 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
- COVID-19 accelerated e-Democracy: political parties/municipalities offer discussions online + allocation of some municipal resources by citizens e.g., to children for uses jointly decided

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: AFCM, 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 for disadvantaged groups
- The overall trend of the past decades has been towards sharing of data between public actors and the broader civil society, but recent geopolitical tensions have increased discussions on the potential negative consequences

Monitoring of implementation of urban development policies

- 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 support monitoring
- Reporting of the UN's SDGs through voluntary local review (VLR) by five cities
- Cities' open online monitoring platforms: e.g., Helsinki's Kiertotalousvahti service (implementation of Helsinki's action plan for circular and sharing economy), Ihku Alliance and an infrastructure planning system integrating carbon footprint data into cost assessments, lifecycle carbon limit for new apartment buildings, Planect tool to assess the climate impact of zoning plans

Collection, disaggregation, and analysis of data by all levels of government

- E.g., Statistics Finland (most significant municipal data compiler), State Treasury's tutkiahallinto.fi (municipal/regional level data), state research institutes, AFCM + commercial operators (municipal data), networks at the municipal level (e.g., Hinku), open municipal and built environment related data by the Finnish Environment Institute e.g., Liiteri and Ryhti
- Challenges in the use of data, standardisation and 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 a high-trust society, and almost all Finnish citizens have mobile phones, a bank account with electronic identification services, and digital skills.

Finland's Digital compass, a national digitalization strategy, sets the course for Finland's digital transformation until 2030. It contains the objectives for advancing the digital transformation of the society, which are divided into four categories: competence, infrastructure, public services, and businesses.

EU-level targets, to which Finland is committed, aim to have 100% of the key public services online, to allow 100% of citizens access to medical records online, and to have a digital ID for 100% of citizens. Even today, a citizen can perform almost all transactions with authorities through electronic channels



including taxation and health care information (Kanta services). There is also 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.

COVID-19 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. The Association of Finnish Cities and Municipalities (AFCM) 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 and mobility 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 increasing spatial dynamism of the population, to fill the gaps in sporadic biodiversity data, tear down the walls between the planning silos, and ensure equitable access to digital services for some disadvantaged groups.

The overall trend of the past decades has been towards open and seamless sharing of data between public actors and the broader civil society. The recent geopolitical tensions have increased discussions on the potential negative consequences of easy access to data and revealing details of society and the built environment.

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, 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, Tampere, Vantaa, and Espoo are committed to promoting and reporting on the local implementation of the *UN's SDGs* through *Voluntary Local Reviews (VLR)*. E.g., Helsinki has published its fourth VLR⁵⁶ and developed sustainability indicators, which are available as open data.⁵⁷ 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. As an example, the *Kiertotalousvahti* online monitoring service monitors the implementation of Helsinki's action plan for circular and sharing economy and through the Ihku Alliance, the city of Helsinki is co-developing a shared infrastructure planning system that integrates carbon

⁵⁶ [Frontpage | Sustainable Helsinki](#)

⁵⁷ [Kestävän kehityksen indikaattorit | Helsingin kaupunki](#)



footprint data into cost assessments, enabling early-stage evaluation of climate impacts. In 2024, Helsinki also introduced a lifecycle carbon limit for new apartment buildings (currently 14 kg CO₂e/m²/year), supporting consistent and transparent monitoring of emissions across planning and construction. Additionally, the city of Helsinki uses the *Planect tool* to assess the climate impact of zoning plans, enabling rapid, data-driven comparisons of planning alternatives, and supporting low-carbon land use decisions.

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 the Association of Finnish Cities and Municipalities (AFCM), 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, including the *Towards Carbon Neutral Municipalities (Hinku)* network that brings together municipalities, businesses, citizens and experts to create and carry out solutions to reduce greenhouse gas emissions.

The Finnish Environment Institute has developed several data mechanisms e.g., the *greenhouse gas emission calculation system* that calculates municipal emissions annually from +80 sectors and publishes results as open data, and the *scenario tool for municipal greenhouse gas emissions* that allows to design a comprehensive climate roadmap. Furthermore, climate work indicators and consumption-based greenhouse gas emission information are supplied as open data for all municipalities.

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. In Tampere, the IoT platform for the urban environment is an enabler of smart and sustainable development. Currently, the IoT platform in Tampere is used, for example, for monitoring and controlling traffic, outdoor lighting, city maintenance, safety of telecommunications facilities, and heating systems. The IoT platform is not just a technical tool but an enabler of smart decisions. The platform compiles real information that city officials and political decision-makers can use to influence the city's activities and improve the housing experience.

To facilitate the use of information describing the built environment, online services have been developed, 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. *The Built Environment Information System (Ryhti)* brings together the land use and construction data from the information systems of municipalities and central government authorities.

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7. STRATEGIC WAYS FORWARD

In this section key challenges and aspects of implementation that need more attention in the context of Finland with regards to the four transformative themes of the NUA report are summarized, together with planned long-term strategies to address them.

Finland has parliamentary elections every four years and there has been variation in the status of urban development objectives, and urban policy in general, by the government term. The most effective ways in which adequate political commitment at all levels of government have been secured, in order to accelerate the implementation of the New Urban Agenda, have been strategies that go beyond the government term, as well as the unique partnership models between the national level and the cities. These will be further explained under the *transformative theme 4: Effective implementation of this section*.

7.1 Transformative theme 1: Social inclusion and end poverty

Efforts to prevent segregation and homelessness

Challenges: The current Government Programme of 2023 contains several policy and legislative measures aimed at cutting public expenditure, and social security measures, including housing allowances, which have been cut. This has created new vulnerable groups, especially among women such as single mothers, and those with an immigrant background, and evictions are reported to be on the rise. Despite the strong welfare state, the development of segregation has progressed e.g., due to the growing income disparities, wealth inequalities, and cuts in the production of affordable state-supported



rental housing. The number of long-term poor people has increased even though only a few percent suffer from direct material deprivation.

Ways forward: There are various urban policy tools in use to curb segregation and homelessness. There have also 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. More attention has been paid to inclusiveness policies, e.g. prevention of segregation in 6 major cities, also with tangible effect to empower daycare and schools in the vulnerable neighbourhood.

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, in addition to the environmental sustainability targets, is to provide sufficient land use volume to secure diverse and affordable housing solutions, prevent segregation and polarisation, and reduce homelessness.

Integration of vulnerable groups

Challenges: The aging population is a clear challenge in Finland for which preparation is needed across all sectors of society, including through welfare policies and urban policies. The integration of immigrants is also an important social policy goal in Finland.

Finland ranks very high globally for gender equality. However, there are still more men in the highest positions of local government, to which quotas do not apply, in managerial positions and e.g. in the boards of the listed companies. Sámi and Roma women and women with immigrant backgrounds, those with disabilities, and people belonging to gender minorities, are also underrepresented in political decision-making at all levels. In addition to the above, the unemployment rate has been increasing in Finland with an increase in the youth employment.⁵⁹ An established operating environment for the participation of vulnerable people in decision making processes does not exist.

Ways forward: Provisions on the accessibility of construction are laid down in the new *Construction Act*, which entered into force in 2025, and specified in the *Government Decree on the Accessibility of Buildings* issued under the Construction Act. As part of the reform of the land use regulation, regulation on accessibility in public areas will be created to implement the obligations of *the UN Convention on the Rights of persons with Disabilities*.

The integration of immigrants is regulated by the *Act on the Integration of Immigrants*, which sets out responsibilities for municipalities and the wellbeing services counties. The current *Government Integration Programme 2024-2027* promotes integration at the national level.

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. Vulnerable groups are engaged in decision-making processes by counties through statutory councils, resident panels, and experience-based advisory groups but the lack of resources is limiting engagement activities.

There is a comprehensive system in Finland to support unemployed people with three types of unemployment benefits: earnings-related allowance, basic daily allowance, and labour market subsidy. From the 1st of January 2025 the employment services are run by regions formed by municipalities instead of the state that previously run the service. The aim of the reform is to make services more flexible so

⁵⁹ [Finland's unemployment rate ranks second highest in EU | Yle News | Yle](#)



that they are more personalized and respond to the needs of an individual, as well as the needs of businesses. The network of *low-threshold service points for youth* “*Ohjaamo*” has been made permanent. The service points were created to support young people in a multidisciplinary manner, and they aim to reduce the need to send young people from one office to another.

7.2 Transformative theme 2: Inclusive urban prosperity and opportunities for all

Balancing public finances and boosting economy through innovation

Challenges: Finland’s economic growth is currently slow e.g., due to current slow export markets, public finances are deeply in deficit, and the accumulation of public debt has continued. At the same time the public expenditure maintaining the strong welfare state is high. According to Statistics Finland’s data, consolidated total general government expenditure was 57.5 per cent relative to gross domestic product in 2020⁶⁰.

Municipalities face tightening financial conditions, including reduced state transfers and tax revenues, which has constrained municipalities’ operational flexibility. Demographic trends such as population ageing, urbanisation, and low birth rates further intensify financial pressures.

Ways forward: The current government programme of 2023 contains several policy and legislative measures aimed at cutting public expenditure. At the same time Finland aims to accelerate growth e.g., through support to innovation.

The Ministry of Economic Affairs and Employment is responsible for preparing and implementing Finland’s innovation policy that draws its 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. *Finland’s Ecosystem agreements* are strategic partnerships between the state and cities aimed at fostering innovation and regional development contributing to the implementation of the *National Roadmap for Research and Innovation*, and the *Export and International Growth Programme*. Local, city-level innovation ecosystem policy has been continued and updated towards today’s challenges.

Municipalities continue to play a key role as leaders in sustainable development and retain broad mandates by European standards, including responsibilities for early childhood education, basic and upper secondary education, land-use planning, and employment services. Most of the municipal expenditure consists of the costs of these statutory basic public services which the local authorities have the responsibility to organize. The main source of income for local government in Finland is tax revenue which the municipalities aim to increase e.g., through industrial policy measures such as business advisory services and development projects, construction and rental of premises for business use, the supply of plots for enterprises, and the marketing of the region. Municipalities also contribute to the areas’ vitality through various development and investment projects with potential co-financing from the EU and the state.

Ensuring the access to skilled labour and adaptation to new technologies

Challenges: Skills of the labour force remain one of the top-priorities in most of the cities and regions. The availability of skilled labour, together with unequal access to retraining, remain challenges both for

⁶⁰ [Statistics Finland - Government Finance - General government expenditure by function](#)



R&D and for harnessing the potential of artificial intelligence. Companies have prioritised facilitating labour immigration as one of the most critical measures to promote Finland's economic growth. The current somewhat more regulated immigration policy has contested the sufficient supply of skilled labour.

Ways forward: Finland, like other countries, needs to prepare for the uptake of new technologies and artificial intelligence. New technologies have become part of cities development policies, such as hydrogen, electric mobility or utilisation of AI. Finland is scaling lifelong learning, innovation ecosystems, and inclusive partnerships to accelerate sustainable, tech-driven, and equitable urban growth towards coming years.

Finland's Digital compass, a national digitalization strategy, sets the course for Finland's digital transformation until 2030. It contains the objectives for advancing the digital transformation of society, which are divided into four categories: competence, infrastructure, public services and businesses. EU-level targets, to which Finland is committed, are that the key public services are 100% online, 100% of citizens have access to medical records online, and 100% of citizens have access to digital ID.

7.3 Transformative theme 3: Environmentally sustainable and resilient urban development

Emergence of security as an overarching theme

Challenges: Security has emerged as an overarching theme of development. The overall trend of the past decades has been towards open and seamless sharing of data between public actors and the broader civil society. The recent geopolitical tensions have increased discussions on the potential negative consequences of easy access to data revealing details of the society and the built-up environment.

Ways forward: 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 threat models defined in the *National Security Strategy*.

In recent years, the industrial policy has increasingly considered security and preparedness needs, which has been particularly evident in the development of infrastructure, industrial production, and supply chain management.

Climate risk and adaptation

Challenges: Finland is increasingly affected by heavy rainfall, storms, floods, changes in the intensity of snowfall, sudden snow loads, prolonged heatwaves and drought periods, a lowering of the groundwater table, increased slipperiness in winter, and the future sea level rise. Dedicated adaptation planning has so far focused on the largest cities. In most municipalities actions have focused on a limited range of activities. The lack of regional climate risk information has been one of the challenges municipalities have been facing.

Ways forward: The most significant flood risk areas are regularly assessed by the Finnish Environment Institute, and cities have taken precautionary measures through e.g., land use planning, flood dams and gates. 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 (2023)* and associated *Regional Risk Assessments*. National environmental 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, as steered by the *Land Use Act*. The reform of the Land Use Act will further emphasise climate change adaptation.

Finland's National Climate Change Adaptation Plan until 2030 (NAP2030)⁶¹, adopted in December 2022, forms part of the climate policy planning system under the Climate Act (423/2022). Regional and municipal-level actors have a pivotal role in the implementation of adaptation measures. Regional adaptation characteristics, vulnerabilities, needs and goals have recently been examined, increasing the number of municipalities that now engage in more dedicated adaptation planning.

Climate change mitigation actions, and reducing the urban sprawl

Challenges: Finland's GHG emissions have been on a declining trend but there is still a high carbon footprint per person. There are no national strategies of “no new net land take” or urban growth boundaries 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 still going on. The modal share of public transport is now only around 20% of total trips in the capital region and 10% in the other largest cities Tampere and Turku.

Ways forward: 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 and Finland's National Carbon Neutral Target in 2035* in the Climate Act. Since 2010, Finland has been using the 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 socially, ecologically and economically sustainable development of the urban structure of urban regions based on climate change mitigation and adaptation.

Land use planning is guided at 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). The new *Land Use Act* including provisions on national land use objectives, zoning, and maritime spatial planning with emphasis on mitigation, adaptation and biodiversity, will enter into force in 2026.

In terms of sustainable transport planning the Ministry of Transport and Communications completed in 2021 the *National Transport System Plan 2021-2032* including a 12-year government funding programme. The Plan is revised for 2026-2037. Finland aims to boost servicisation of mobility including Mobility as a Service (MaaS), and walking and cycling, through policy and legislative measures. *The Act on Transport Services* has been a broad regulatory reform with the aim of enabling digitalisation and innovations. Cities have also included sustainable transport targets and actions in their strategies and MAL agreements.

Protection of biodiversity and decreasing waste and the use of natural resources

Challenges: While the importance of urban greening has increased, so has the level of tension. Urban growth and densification have reduced nature areas and urban green spaces, thus reducing the capacity to adapt to e.g., floods, storms, and extreme heat waves, in addition to ecological and wellbeing outcomes. Progress has been made in waste reduction but the work to increase recycling and save natural resources continues.

Ways forward: The recently adopted *Nature Restoration Law* underscores the significance of maintaining adequate tree canopy cover and ensuring sufficient urban green spaces. From 2031 onwards there must be an increasing trend in the total national area of urban green space and an increasing trend

⁶¹ [National Climate Change Adaptation Plan 2030 - Maa- ja metsätalousministeriö](#)



in tree canopy cover for each urban ecosystem area. The regulation concerns urban environments in approximately 60 to 70 most densely populated Finnish municipalities. *The National Restoration Plan* will describe how Finland will implement and monitor the regulation. To balance urban growth and green spaces, strategic planning of urban structure and green network has strengthened. The connectivity of green structure has garnered increasing attention in urban planning. Nature-based solutions have been promoted in cities at several planning levels, and various tools have been developed.

Finnish waste legislation has been 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. 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, with the aim that the use of primary raw materials in Finland will not exceed the 2015 level in 2035 (excluding export). While circular procurement has been applied in construction, transport, waste management, food and catering, and in product groups such as textiles and IT equipment, it is not yet systematic. The Ministry of the Environment is currently preparing ecological objectives for public procurement up to 2035 and will set national targets for the most impactful procurement categories, including the adoption of procurement practices aligned with circular economy principles.

Protecting coastal areas

Challenges: the state of the Baltic Sea is concerning, even though in some parts of the Finnish marine area, the state of the sea is good. The Baltic Sea is affected by eutrophication, certain harmful substances, and the increasing use of marine areas.⁶²

Ways forward: The *Maritime Spatial Plan 2030 for Finland* was developed during 2017–2020 through extensive stakeholder collaboration and is being revised during 2024–2027. The plan designates significant and potential areas for different uses, and promotes sustainable blue economy, the sustainable use of natural resources and the good status of the marine environment. *Finland's Coastal Strategy* was published in February 2024. It aims to promote the sustainable use of the coast in response to biodiversity loss, climate change, and pollution. It was developed through an extensive stakeholder collaboration, and serves as a guide for coastal action, development, and planning.

In 2024, the Ministry of Environment launched the new *National Programme for Improving the State of Waters and Marine Areas (Ahti Programme)*. The programme promotes the implementation of the *National Marine Environment Management Plan (Marine Strategy Document)* and regional *River Basin Management Plans*. During the term 2023–2027 the priorities of the Government Programme are to curb nutrient loading, improve the structure of arable lands, control harmful substances, and recover resources and take them into use. A particular focus in the Government Programme is on measures to reduce loading from agriculture in the catchment area of the Archipelago Sea.

7.4 Transformative theme 4: Effective implementation

Supporting sustainable urban policy - Utilising partnerships and contractual instruments between the state and cities and supporting better coordination

Challenges: Challenges of sustainable urban development in Finland, and urban policy overall, still lie in the variation of its status in the government term, in the funding and other resourcing that does not fully meet the urban development situation, and the need to better coordinate the state's sector policies. While the legal framework is well-established, challenges related to planning remain in ensuring coordination

⁶² Finnish Environment Institute: [State of the Baltic Sea is still concerning](#)



across planning levels, addressing housing affordability, and integrating cultural and social sustainability into spatial planning.

Although there have been efforts to ease regulatory burdens of municipalities e.g., through transferring the organisation of social and health services from municipalities to 21 wellbeing services counties in 2023, and decentralizing employment services from the national level to municipalities and cities in 2024, municipal service provision has become increasingly regulated and new challenges have emerged. The reform of the *health and social services* has, for example, meant that the administration of urban planning and development, which is the responsibility of the municipalities, is no longer closely connected to the social and health services, which is the responsibility of counties that e.g., engage vulnerable groups in decision-making processes through statutory councils, resident panels, and experience-based advisory groups.

Ways forward: National urban policy has been defined and guided in Finland either through compiling specific strategic-level policy programmes or more directly based on the policy outlines of the Government Programme, as concerns the present government's term of office. A key long-lasting element has been the cooperation and partnerships between the state and cities. This element has recently been further increased. At present, there are five different forms of partnerships (in brackets the ongoing themes): 1) strategic cooperation alliance for the six largest cities in Finland (lack of skilled persons in early childhood education and care; prevention of gang forming), 2) partnership of vitality for the three next largest cities (skills; physical exercise), 3) partnership of growth cities for the 13 medium-sized cities (culture as a vitality asset; renewed industry), 4) partnership for the three Eastern Finland border cities, and 5) regional urban cooperation for small cities and towns.

Besides the partnership-based cooperation, the key tools for implementing urban policy include contractual instruments between the state and cities, especially MAL agreements (Land use, Housing and Transport Agreements, with the seven largest urban regions in Finland, to promote a sustainable urban structure and transport system, and to secure diverse and affordable housing solutions for people who are worst off), and Ecosystem Agreements (with university cities and towns in Finland, to build and strengthen innovation ecosystems). In recent years, the EU's urban policy instruments have played an increasingly important role.

The main formal forum for cooperation and coordination of urban policy between the state and cities is the *Urban Policy Committee* (since 2007) that also coordinates the urban policy activities of various ministries. The reason for this is that the continued cooperation across, and coherence between, the government sectors is very important in the planning and implementation of urban-related policies, instruments, and legislative projects. Additionally, the *Public Governance Strategy (2020–2030)* supports administrative renewal across all levels of government.

Since 2016, Finland has continued to develop its legal and administrative frameworks for land use planning to support sustainable, inclusive, and well-managed urban spatial development. A major structural change occurred in 2025, when the Land Use and Building Act was divided into two separate laws: the Land Use Act (*Alueidenkäyttölaki*) and the Construction Act (*Rakentamislaki*). The Land Use Act now governs land use planning and zoning, while the Construction Act regulates building activities. The comprehensive reform of the Land Use Act aims to streamline planning procedures, improve legal clarity, and strengthen the integration of housing, climate resilience, and investment conditions into land use planning.

Regional development is governed by the *Regional Development Act* and the *Government's Regional Development Decision (2024–2027)*, which define national priorities for balanced territorial development. Currently, there is no administrative body to govern land use at the city-region scale. Although land use planning and regional development are governed by separate laws, their coordination is promoted through strategic planning and shared objectives.



Cultural environments are protected through different instruments e.g., the *Cultural Heritage Strategy 2023–2030* and the *Architectural Policy Programme 2022–2035*.

Addressing increased and continued regional differentiation and disparities between regions and their central cities

Challenges: The urbanisation rate of the population in Finland will rise to 79%, and that of jobs to 85%, by 2050. According to the population forecast, more than 80% of the future growth in urban areas takes place in the four largest regions. Urbanisation has an impact on the availability of skilled labour, and the need for services in different parts of the country. It also affects the housing market: there is a decline in new construction and lower housing prices outside the largest urban areas. Especially in the areas with shrinking populations, the increasing oversupply and underutilisation of dwellings and low housing prices pose a challenge. Low collateral values make it difficult to secure funding for renovations.

Ways forward: 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 role of small and intermediate cities is increasingly recognized in national strategies, though implementation varies regionally. The government has, for example, established development programmes for cities of different sizes e.g., the regional urban programme for the second cities of a regional centre.

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)*. The central government transfer amounts differ based on costs of the provided services and the municipalities' income base.

7.5 Recommendations for the international community

Twinning cities for sustainable development

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 mostly adopted the SDGs in relevant fields. There are several active city networks in Finland, which promote sustainable urban development, and support cooperation and knowledge sharing between cities in Finland.

The networking of cities within Finland has recently been expanded to twinning arrangements with African cities. A new peer group has emerged from cities reporting to the UN on the SDG objectives of the Agenda 2030 (*Voluntary Local Review*). Since 2022, the Finland-UN-Habitat Strategic Partnership for the SDGs has provided a framework for cooperation aimed at harnessing the experience of Finland and UN-Habitat on SDG localization. Based on the unique experience of Finnish local governments and associations, the cities of Helsinki, Tampere, Espoo, and Vantaa, as well as, the Association for Finnish Cities and Municipalities, engage with other cities and partners to implement the New Urban Agenda and Agenda 2030.

The unique experience of Finnish local governments and associations on networking for the SDGs can serve as a good practice for the international community on how multilateral action can help accelerate the implementation of the New Urban Agenda and achieve the SDGs.

The *Strategic ways forward* chapter was compiled from the report texts by Emma Lappalainen, CEO, Finnigroup Consultants