



Caritas Cares Finland Report November 2015

What this report is about

This report describes the main challenges related to poverty and social inclusion observed by Caritas Finland and provides recommendations for policy makers to address these challenges in the country. These recommendations are based on an analysis of the grass-roots experience of the organisation which is compared to official data.

About Caritas Finland

In Finland, the organisation's main beneficiary group are migrants, who are the focus of this report. Caritas Finland mainly provides advice, guidance and support to different ethnic groups. It also organises events that promote the integration of immigrants within Finland and involves priests and volunteer workers in its activities, with the aim of informing migrants about the social welfare system in Finland. These include information services on where to ask for different types of assistance.

In 2014, the organisation reached a total of approximately 60 beneficiaries in Finland. Most of the beneficiaries are ethnic minorities.

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Discrimination of vulnerable groups has a severe impact on poverty and unemployment

Finland's main challenges related to poverty and social exclusion:

- ❖ **Migrants, refugees and the homeless have limited access to services and rights.**

The social welfare system in Finland is residency-based; this makes most services inaccessible to people without a residency permit or a permanent address.

- ❖ **Labour market discrimination remains the main obstacle to achieving an inclusive labour market**

Long-term unemployment is on the rise; certain vulnerable groups are particularly affected.

- ❖ **Limited access to the right to equality and non-discrimination hinders access to several other rights**

Persons without a place of residence or residence permit cannot access their rights.

Policy recommendations for the National Government:

Inclusive labour markets:

1. A new integrated strategy is needed to reduce long-term unemployment as well as to promote the labour inclusion of migrants.

Access to quality services:

2. The on-going social welfare reform must be uniformly implemented at local level and must address the problem of equal access, in particular for migrants, to social and healthcare services.
3. The recent reform of the Social Welfare Law must be implemented accordingly at local level in order to introduce fully-functioning, one-stop shops across the country, equally accessible to all migrants.
4. The requirement of a permanent residence in order to access social welfare must be reviewed and adjusted so that everyone can access it.

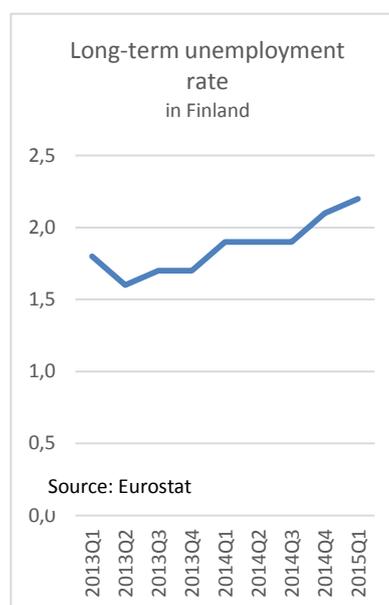
1. Poverty and social exclusion in Finland: the reality behind the data

The problems of most concern in Finland

- ❖ Long-term unemployment
- ❖ Increasing inequalities and gaps between rich and poor

Long-term unemployment

According to the most recent Statistics Finland's Labour Force Survey,¹ the number of unemployed persons in August 2015 was 222,000, which is 26,000 higher than one year ago. The unemployment rate was 8.3%, having been 7.4% in August of the previous year. There were 4,000 more unemployed than in August of the previous year. The number of persons in the inactive population was 25,000 higher than one year earlier. This trend has aggravated the long-term unemployment situation among an increasing share of people in the country, as the graph on the right demonstrates. In this context, Caritas Finland has observed that the majority of its adult beneficiaries, who are mainly migrants, have been unemployed for more than 12 months.



Increasing inequalities and gaps between rich and poor

The Ombudsman for Children, Tuomas Kurttila,² has warned the Finnish Government to respect children's rights to equality and equal treatment. Mr Kurttila expressed particular concerns regarding the planned cuts in benefits that would hinder equal access to early childcare services and further aggravate other inequalities which have been on the rise in Finland. Additionally, this would also have a negative impact on those families with children who are already economically vulnerable and are at high risk of falling into the poverty trap. In this context, he highlighted that the number of single-parent, low-income families has risen sharply over recent years, making these families and their children a group at high risk of poverty and social exclusion.³ Caritas Finland also notes that migrant families with children would be particularly affected by the planned cuts.

¹ Statistics Finland, 2015. [Unemployment Rate 8.3 per cent in August.](#)

² Tuomas Kurttila, 2014. [Yearbook 2014](#)

³ Ibid

Groups at risk of poverty with the highest need for political action in Finland

- ❖ Migrants and refugees who are long-term unemployed
- ❖ Homeless migrants

Migrants and refugees who are long-term unemployed

In December 2014, 30,000 foreigners were registered as unemployed. According to the Ministry of Employment and Statistics, this is one-fifth more than in 2013. It is also worth highlighting that unemployment among the foreign population is particularly high for Russians, Estonians, Iraqis and Somalis.

Statistics Finland's preliminary data show that unemployment amongst foreign-language speakers in Finland was more than 22% in 2012. The policy actions and strategies in place to tackle this have yet to see the desired results.

Homeless migrants

According to the latest report by the Housing Finance and Development Centre of Finland (ARA), the total number of homeless people increased by 3.7% between 2011 and 2012. The housing shortage is particularly evident in Helsinki, where homelessness has increased drastically. Elsewhere in the country, the trend varies between municipalities but has not become an issue of as much concern as that in Helsinki.

The survey conducted for the above-mentioned report found that at the end of 2012, a total of 7,852 single persons were homeless in Finland; this represents an increase of 280 single, homeless people compared to the same period in 2011. Nevertheless, during the same period, the number of long-term homeless people decreased by 102 persons, totalling 2,628 homeless persons in 2012. However, family homelessness has increased. In this context, it should be highlighted that nearly half of these homeless families are migrant families. During the same period, the number of single, homeless migrants grew by 52% to 1,550 homeless migrants.

Despite the fact that, in general, homelessness of migrants is not recognised as an issue of great concern in Finland compared to other European countries, Caritas Finland has nevertheless observed an increase in numbers in recent years and an escalation of the problem that is not reflected in more general public policy.

The challenges in achieving active inclusion in Finland

- ❖ Adequate income support
- ❖ Inclusive labour markets
- ❖ Access to quality services

Adequate income support

In Finland, minimum income schemes are accessible but with limitations due to the fact that they require a place of residence which makes them practically inaccessible for people without an address (i.e. homeless people) or people without a residence permit (i.e. persons awaiting their permit or irregular immigrants). Generally speaking, minimum income schemes in Finland can be considered adequate in covering basic living needs and in reducing poverty and social exclusion. However, these schemes would need to be made accessible to homeless people or persons at risk of poverty without a residency permit.

Inclusive labour markets

The labour market in Finland is becoming more inclusive. However, migrants and ethnic minorities are still largely excluded from the regular labour market.

Access to quality services

In recent years, access to services has hardly improved for migrants and ethnic minorities. The social welfare system, including most of its services, is residency-based in Finland; this condition makes most services inaccessible to people without a residency permit or a permanent address within a municipality.

Access to rights is limited for people at risk of poverty and social exclusion in Finland

Persons without a place of residence (i.e. address) or residence permit have limited access to:

- ❖ Right to education
- ❖ Right to healthcare
- ❖ Right to work
- ❖ Right to housing
- ❖ Right to a pension
- ❖ Right to equality and non-discrimination
- ❖ Right to access justice
- ❖ Right to liberty and security

These rights are, therefore, even less accessible for groups at high risk of poverty and social exclusion, as mentioned above: migrants and refugees as well as homeless people. This is related to the fact that the social welfare system in Finland is residence-based, which leads to a poverty trap: without a permanent address, a person in Finland has very few rights (e.g. no health care, no right to education etc.) At the same time, if a person does not have work to pay the rent that would be necessary to get an address, that same person will not be able to get work due to fact that he or she does not have an address. With a permanent address anyone has access to the welfare system and its services.

2. How effective are Finland's policies to fight poverty and social exclusion?

The Country Report for Finland,⁴ published by the European Commission in February 2015, partly reflects the main problems and reality of poverty and social exclusion in the country. The report highlights the necessity of implementing social welfare and healthcare reforms and should be praised for recognising the need for greater coordination of social services in the municipalities; however, issues regarding the allocation of funds at local level are not addressed. It also neglects to comment on issues relating to homelessness and migrants, which Caritas Finland have observed to be of growing importance.

At the same time, the National Reform Programme,⁵ published by the Government of Finland in 2015, partially reflects the main problems and reality of poverty and social exclusion in the country, but fails to highlight the growing issues of homelessness in general and homelessness coupled with long-term unemployment of migrants. The new Social Welfare Law, introduced in April 2015, represents a positive change, yet it remains to be seen whether this will be reflected when the law is implemented by the different municipalities.

In general, it can be said that the current policies implemented in Finland do not address the problems related to poverty and social exclusion of migrants and ethnic minorities. At the same time, budget cuts have caused unstable conditions to prevail in the current welfare system in Finland. For this reason, Caritas Finland fears that the challenges facing migrants and ethnic minorities will not be addressed in the near future.

Regarding policies implemented in recent years, it can be stated that these have not been effective in addressing the problems of poverty and social exclusion, as they have failed to reduce limited access to rights and services for migrants and refugees.

What policies are needed to address poverty and social exclusion more effectively?

In Finland, access to employment must be enhanced; the way the labour market is currently organised is too bureaucratic for migrants. Unnecessarily high language requirements, in order to be able to get a basic job, are a major obstacle for many. The required level of language skill perfection is often a problem for migrants when accessing employment.

The impact of social protection system reforms

⁴ European Commission, 2015. [Country Report Finland 2015](#).

⁵ Government of Finland, 2015. [National Reform Programme Finland 2015](#).

Social protection system reforms & modernisation in Finland

- ❖ The reforms have been based on budget cuts accompanied by a social protection reform plan.
- ❖ Social protection services and benefits are not targeted at the groups most in need nor at those with the most severe problems.

Recent reforms of the social protection system have had a positive impact on poverty and social exclusion in Finland.

Example of an effective policy or programme related to the active inclusion pillar of access to quality services

An example of a policy measure with a positive impact on the reduction of poverty and social exclusion is the reform of the Social Welfare Law, implemented by the Ministry of Social Affairs and Health in April 2015. This law has introduced positive structural changes by creating a “one stop shop” system for the allocation of special services within the municipalities.

However, it is essential that the structural changes foreseen in this law are implemented in the municipalities in practice and are not just changes on paper. The independence of the municipalities in implementing this law is a potential cause for concern since, as it appears that the municipalities have been interpreting the law differently, some are bringing about the positive and necessary structural changes while others not.

3. Recommendations to address the described problems

Recommendation 1: The on-going social welfare and healthcare reform must be uniformly implemented at local level and must address the problem of equal access, in particular for migrants, to social and health care services.

- ➔ **Problem addressed if implemented:** Limited access to rights, limited access to services, discrimination. Differing allocation of funding to services at local level.
- ➔ **Governmental department that could lead this measure:** The Government of Finland.
- ➔ **Policy framework:** The EC Recommendation on the active inclusion of people excluded from the labour market (the “access to quality services” pillar), and the EU Charter of Fundamental Rights.
- ➔ **How the European Commission could support this measure:** By providing tailored policy guidance (e.g. Country Report, Country Specific

Recommendations, etc.) that addresses the specific problems of poverty and social exclusion in Finland.

Recommendation 2: The recent reform of the Social Welfare Law must be implemented accordingly at local level in order to introduce fully-functioning one-stop shops across the country, that are equally accessible to migrants.

- **Problem addressed if implemented:** The bureaucratic procedures of the current social welfare system hamper effective access for migrants to quality services.
- **Governmental department that could lead this measure:** The national and local governments at municipality level.
- **Policy framework:** The EC Recommendation on the active inclusion of people excluded from the labour market (the “access to quality services” pillar).

Recommendation 3: A new integrated strategy is needed to reduce long-term unemployment as well as to promote the labour inclusion of migrants.

- **Problem addressed if implemented:** Long-term unemployment, labour market segregation, inequalities, and discrimination.
- **Governmental department that could lead this measure:** The Government of Finland.
- **Policy framework:** The EC Recommendation on the active inclusion of people excluded from the labour market (the “inclusive labour markets” pillar).
- **How the European Commission could support this measure:** By providing tailored policy guidance (e.g. Country Report, Country Specific Recommendations etc.) that addresses the specific problems of labour market exclusion in Finland.

Recommendation 4: The requirement of a permanent residence to access social welfare must be reviewed and adjusted so that everyone can access it.

- **Problem addressed if implemented:** Migrants and refugees facing barriers in accessing social and health care services since access is linked to residency within a particular municipality. This also affects migrants’ opportunities to gain employment in other municipalities where they are not resident.
- **Governmental department that could lead this measure:** The Government of Finland.
- **Policy framework:** The EC Recommendation on the active inclusion of people excluded from the labour market (the “access to quality services” pillar); the EU Directive on implementing the principle of equal treatment of persons irrespective of racial or ethnic origin ([2000/43/EC](#)).

- **How the European Commission could support this measure:** By providing tailored policy guidance (e.g. Country Report, Country Specific Recommendations etc.) that addresses limited access to services experienced by migrants and refugees in Finland.



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