

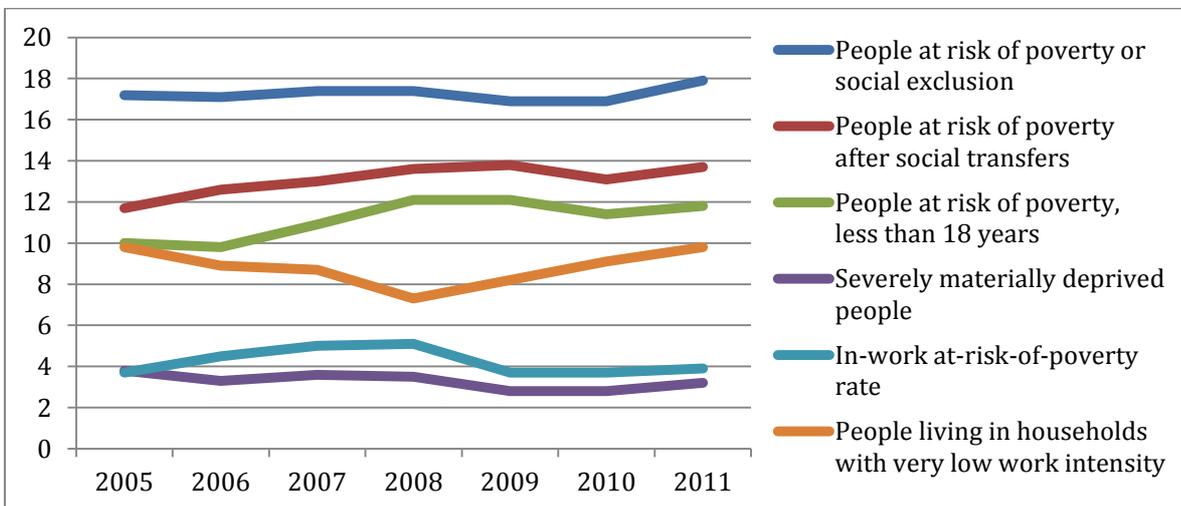
1. POVERTY

1.1. Recent trends

Developments of poverty and social exclusion in Finland based on Eurostat:

- The rate of **people at risk of poverty or social exclusion** dropped from 17.4% in 2008 to 16.9% in 2009, after which it rose by 1 p.p. to 17.9% in 2011, to drop again to 17.2% in 2012. The rate, along with all other poverty rates, remains well below EU average (24.8% in 2012).
- The **highest proportional increase can be observed in the rate of people living in households with very low work intensity**, which rose from 7.3% in 2008 to 9.1% in 2012. However, here as well the rate decreases between 2011 and 2012 by 10%.
- **Young people aged between 18 and 24 are at highest risk of poverty** (26.5% in 2011), followed by people older than 65 (18.9% in 2011).

Poverty trends in Finland (% of population):



In addition to above data, the following observations can be made:

- The **unemployment rate is very high among migrant families** and they often have many children. Caritas Finland is concerned that families with migrant background have difficulties in integrating into the society because a higher (than average) share of them are living at risk of poverty and social exclusion, mainly due to high rates of unemployment. **Unemployment rates among migrants are three times as high as among Finish nationals** (Ministry of Interior). One of the reasons is that many migrants tend to work in construction and ship-building industries which have been affected by the financial crisis, leading to higher unemployment rates.
- The number of children living in low-incomes families has been risen by 2.7 times from 1990 (4.9 %) to 2009 (13.2%). That is from 59,400 (1990) to 143,300 (2009).¹ Reasons of it are that the families' **purchasing** power has decreased; living has become more expensive and it brings families into debt. Especially families with many children are at risk of poverty, particularly migrant families. There are now more children at risk of poverty as ever.
- According to statistics, 5% (in numbers: 51,300) young people aged 15-29 were neither working nor studying in 2010. The reasons for this situation are complicated. One of them is that there are not enough school places in fields that young people are interested in and some of them are unwilling to study in fields that would offer jobs in the future. **Young people who are**

¹ Esa Iivonen 2011, Ministry of Social and Health

at risk of poverty tend to stay unemployment. Low motivation or self-esteem is also mentioned as one of the reasons for not studying, finishing studies or finding employment. Another reason may be related to the **inheritance of poverty, low paid and part-time jobs and low motivation to study.**²

- **Social security benefits have remained the same for many years** now or have not risen as fast as salaries or costs have. That is why people now face more problems than they used to.
- **The divide between different social classes has grown.** In the 1980s, public medical care was for everybody; now only poor families, unemployed people and pensioners mainly use public medical care. Families with money buy insurances for their children, working people usually have complementary insurance from their employer; however, this does not apply to part-time or temporary workers. Private health-care is inaccessible for poor people even if partially reimbursed by the state. Furthermore, long waiting times to get appointments at public health centres have been observed.
- Recently there has been an ongoing discussion whether begging in the streets should be prohibited. In Finland, people are not used to see begging people because the social security system has been strong for people living in the country. **Roma migrants in Finland are considered like “tourists” and therefore the social security system does not cover them.** In Helsinki, there are two day-centres providing people with food, clothes and opportunities to wash themselves. They are organized by the deaconship from the Lutheran Church and a Finish NGO for Roma. Caritas Finland also assists Roma migrants in those centres. In other cities, Roma migrants are not that common.

1.2. Recent policy developments

Since last year the following policy developments have been registered:

Finland’s general government finances, which had long been in surplus, deteriorated sharply into deficit as a consequence of the recession in 2009, and they have remained in deficit since then. In 2012, public finances were in deficit for the fourth year running, with the central government deficit rising to 1.9 % of GDP. The deficit will remain at the same level in 2013.

Population ageing will adversely affect conditions for economic growth, increase general government age-related expenditure and inevitably weaken the general government financial position. It is projected that the long-term sustainability gap in public finances is 4.2 % of GDP.

The Stability Programme is based on Prime Minister Katainen’s Government Programme, The Budget 2013 and the Central Government Spending Limits Decision for 2014 – 2017. Finland GDP is projected to grow by 0,4 per cent in 2013. In the medium term, GDP growth is projected to remain sluggish. The forecast for average GDP growth in 2013-2017 is only 1,4 per cent. Measured in real GDP terms, the Finnish economy will not recover to 2008 levels until 2015.

Assessment of Finland's Country Specific Recommendations (CSRs) adopted in 2013:

In general, the CSRs issued for Finland can be considered adequate to tackle the problems of poverty and social exclusion.

However, one challenge has been highlighted with regards to the following CSR:

CSRs that require attention	Observations
CSR 2: Ensure effective implementation of the ongoing administrative reforms concerning the municipal structure, in order to deliver productivity gains and cost savings in the provision of public services, including social and healthcare services.	Nowadays, social and healthcare services are not the same anymore for everybody in Finland because the municipality takes care of these services and there are too many differences between cities. Another problem is related to the fact that the services are

² Myrskylä Pekka, 2011, Ministry of employment and economy

CSRs that require attention	Observations
	fragmented. While some health centres offer assistance of specialists (e.g. dealing with the mental health, alcoholism) others don't or only up to a limited extent. This circumstance appears to be too complicated for people with problems and many people might end up not finding the help needed.

2.3. Recommendations

- **All services, especially health, should be under one roof (one-stop shop).** People should have the right to get help in one place, without assistance personal sending people to another place. This should be independent of where people live (north or south of Finland).

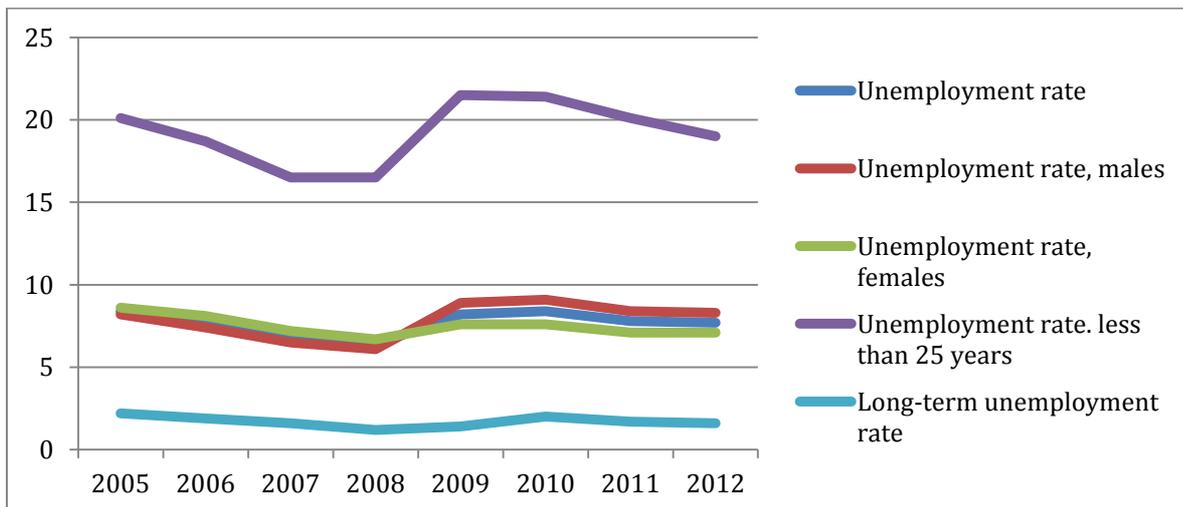
2. EMPLOYMENT

2.1. Recent trends

Developments of the employment situation in Finland:

- The overall unemployment rate rose from 6.4% in 2008 to 7.7% in 2012. The **highest increase in unemployment occurred among men** (by 2.2 p.p.) and especially among young people (by 2.5 p.p.), **bringing youth unemployment to 19%** in 2012.
- **Long-term unemployment experienced the highest proportional increase** as it rose from 1.2% in 2008 to 1.6% in 2012, whereby men were harder hit (increase of 0.8 p.p.) than women (increase of 0.1 p.p.). Nevertheless, the rate remains well below EU average.

Employment trends in Finland (% of population):



2.2. Recent policy developments

Since last year the following policy developments have been registered:

A variety of measures have been implemented to reduce youth and long-term unemployment such as the **youth guarantee**, the **temporary skills programme for young adults** and the **pilot programme**



for the long-term unemployed. These were supplemented in 2013 by **additional financial support for apprenticeships** as part of the youth guarantee; these are welcome in the context of an expected increase in the rate of unemployment.

Although Finland had had high hopes from the youth guarantee, its impact on youths is limited. The answer is not just to quickly find a traineeship, school or a low-paid job. **Lack of social skills and low believe self-respect remain a problem for many young people.**

Assessment of Finland's Country Specific Recommendations (CSRs) adopted in 2013:

The first part of CSR 5 on boosting Finland's capacity to deliver innovative products, services and high-growth companies is considered adequate to improve the employment situation of Finland.