



EMIN Context Report FINLAND

Developments in relation to Minimum Income Schemes

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What is EMIN?

The European Minimum Income Network (EMIN) is an informal Network of organisations and individuals committed to achieve the progressive realisation of the right to adequate, accessible and enabling Minimum Income Schemes. The organisations involved include the relevant public authorities, service providers, social partners, academics, policy makers at different levels, NGOs, and fosters the involvement of people who benefit or could benefit from minimum income support.

EMIN is organised at EU and national levels, in all the Member States of the European Union and also in Iceland, Norway, Macedonia (FYROM) and Serbia.

EMIN is coordinated by the European Anti-Poverty Network (EAPN). More information on EMIN can be found at www.emin-eu.net

What is the Context Report?

In 2014 individual Country Reports were produced under the EMIN project which outlined the state of development of Minimum Income Schemes in the country concerned. These reports also set out a road map for the progressive realisation of adequate Minimum Income Schemes in that country. These Country Reports can be found on www.emin-net.eu (EMIN Publications). This Context Report gives an update on developments in relation to Minimum Income Schemes in Finland since the publication of the Country Report.

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The information contained in this report does not necessarily reflect the official position of the European Commission.

Definitions used in the EMIN Project

Minimum Income Schemes are defined as, income support schemes which provide a safety net for those of working age, whether in or out of work, and who have insufficient means of financial support, and who are not eligible for insurance based social benefits or whose entitlements to these have expired. They are last resort schemes, which are intended to ensure a minimum standard of living for the concerned individuals and their dependents.

EMIN aims at the progressive realisation of the right to adequate, accessible and enabling Minimum Income Schemes.

Adequacy is defined as a level of income that is indispensable to live a life in dignity and to fully participate in society. Adequate Minimum Income Schemes are regularly updated to take account of the evolution of the cost of living.

Accessible is defined as providing comprehensive coverage for all people who need the schemes for as long as they need the support. Accessible Minimum Income Schemes have clearly defined criteria, they are non-contributory, universal and means-tested. They do not discriminate against any particular group and have straightforward application procedures. They avoid:

- institutional barriers such as bureaucratic and complex regulations and procedures and have the minimum required conditionality,
- implementation barriers by reaching out to and supporting potential beneficiaries
- personal barriers such as lack of information, shame or loss of privacy.

Enabling is defined as schemes that promote people's empowerment and participation in society and facilitates their access to quality services and inclusive labour markets.

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Section 1: Evolution in laws and regulations regarding national (or regional/local) minimum income schemes

This section indicates changes to the main minimum income scheme in the country since the EMIN1 project ended in 2014, in particular changes to schemes that were dealt with in the EMIN1 project. In countries where several minimum income schemes coexist, please give priority to minimum income schemes for the working-age population. The **country report** from the EMIN 1 project is available at <https://emin-eu.net/emin-publications/>

Changes in the legislation and regulations governing minimum income schemes in your country with regard to

- *Eligibility conditions (lack of sufficient resources, age requirements, residence...)*
- *Conditionality of the benefits (willingness to work, other conditions related to personnel attitude of recipients...)*
- *Levels of payment, uprating*
- *Links with other benefits*
- *Governance of the schemes?*

*Evolution with regard to **adequacy** of minimum income?*

*Evolution in terms of **coverage** or **take-up** of benefits?*

*Evolution with regards to the **linkage** between minimum income schemes, (inclusive) **labour markets** and (quality) **services**?*

Since EMIN1, there have been one big change regarding MIS in Finland: **The administration of the basic social assistance scheme was transferred from municipalities to Kela** (governmental The Social Insurance Institution of Finland) in the beginning of 2017. The rationale of this is to make people more equal and minimize non-take-up. For those who need also additional social assistance it means that they have to apply for it from two places, since the supplementary and preventive social assistance is still granted from the municipal social services office (with relation to the social work). It is quite big change and makes the basic social assistance a bit more “automatic right for everybody in need”, than part of the social work. Hopefully it also frees social workers time from assistance-bureaucracy to the “real social work” in long term. There have been problems in the beginning of the year in Kela, because there have been so much applications, but hopefully it’s only “child-illness” of the change. There is some early evidence that more people are applying for basic social assistance, which would mean that the coverage/take-up would improve. EAPN-Fin is monitoring the change closely.

- Read more www.kela.fi/web/en/social-assistance

The current PM Juha Sipilä’s **government** (from 2015 and including right-wing, center and populist right parties) **has cut basic social security benefits 0,4 % in 2016 and 0,85 % in 2017 and indexes are frozen in 2018-19 to save money** and to cut governmental debt. Usually most of the benefits are updated every year in the context of consumer price index.

The previous PM Jyrki Katainen's government changed **the conditionality of unemployment benefit in 2014 so, that you can earn 300 euros per month and not lose any of your unemployment benefit**. This allows unemployed people to take up small jobs more easily. Now the current government is cutting the wage-related unemployed benefit from 500 days to 400 as a way to make more incentives to work (/force people to work).

In 2015 there were some reforms in housing allowance which slightly increased the benefit for many. From September 2015 if you get housing allowance you can earn 300 euros without losing any of your benefit. The students have had their own housing benefit, but they will be transferred to have general housing allowance from 1.5.2017. For most of them this will mean a raise, but some will lose money. The costs of housing allowance have increased strongly in Finland (because of the reform made in 2015 and mainly because unemployment has increased) so government is now planning to make cuts in housing allowance (a maximum limit on rent per square metre will be restored to the housing allowance, the housing allowance index will be changed from a rent index to a cost-of-living index in order to curb growth of housing allowance expenditure, maximum allowance expenditure would be reduced by 5%).

The basic income experiment/trial/pilot scheme is going in Finland 2017-2018. It's more limited that the NGO's and researches would have wanted and only affects 2000 people's sample group, who are 25-58 years old long term unemployed people and has been in basic unemployment benefit. In the trial/experiment, those people will receive 560 euros per month and even if they would get job, they can keep that benefit. Taxation is not included in this trial. So in reality, this is not basic income experiment as such, but experiment how long term unemployed people could react, if they would get basic income. There are still some hopes, that the experiment could spread and be wider in next steps of the experiment. - See the article Tackling Poverty and Inequality with Unconditional Money - Notes on the Finnish basic income experiment: Pertti Honkanen & Ville-Veikko Pulkka, Finnish Social Insurance Institution Kela, [Scottish Anti-Poverty Review](#), No. 22, Autumn 2016

At the same time with basic income experiment, the Sipilä **government is introducing negative incentives to accept work**, which includes more conditionality for social security, so that if unemployed people are not working at least a bit, or participate on activation policies, they would get less benefits. It is proposed that unemployment security be reformed by introducing an activation model in which when the period of unemployment continues beyond three months, there would be one waiting day per month in unemployment security, which individuals could avoid by being active. To prove they activation, unemployed people should find a work for a week in three months or take part in services that promote employment. There is also requirement to apply an average of one job per week.

What is also interesting concerning the MI is that **Finland is developing real-time income-register**, so in the future different benefits could be coordinated with earnings in real time. The register should be in practice in 2019.

We also want to add (this was already in place in EMIN1 and have been discussed as good practice in EMIN1-debates), that since 2010, **Finnish legislation has required the Ministry of Social Affairs and Health to commission an evaluation on the adequacy of basic security** in Finland. The assessment has to be done every four years. The second report was released in spring 2015. In it, the adequacy of all basic benefits was evaluated using a number of different measures: looking at the real development of benefits, using typical family calculations, relating benefits to poverty lines, using the reference budget method to determine minimum costs, and asking the general public their opinion on what the proper level of benefits should be. Smaller expert report has been made/updated every year, which gives coherent information about these things every year.

See the report [Adequacy of basic social security in Finland 2011–2015](#). The report showed that the level of basic social security has declined substantially in recent 25 years as compared to the wage levels, but is improved both in real terms and compared to wages in 2011–2015. Anyhow it is inadequate to cover reasonable minimum costs determined in reference budgets and about half of the population sees the level of basic benefits to be insufficient. Check out the slides [The Sufficiency of Basic Social Security in Finland? Analysing changes and reforms](#)

The Sipilä Government also announced this spring, that **the Social Security overhaul is starting in Finland and preparatory work should be ready in February 2019**, so that the next government could make decisions for it.

Section 2: Use of reference budgets in relation to Minimum Income and/or poverty measures

Reference budgets or budget standards are priced baskets of goods and services that represent a given living standard in a country.

In this section you will find information in relation the recent evolutions of the construction and use of reference budgets in Finland. Information is also given on the usefulness of these reference budgets for policy making or for awareness raising campaigns.

For further information on Reference Budgets see: Storms, B., Goedemé, T., Van den Bosch, K., Penne, T., Schuerman, N., and Stockman, S., Review of current state of paly on reference budget practices at national, regional and local level, pilot project for the development of a common methodology on reference budgets in Europe, Brussels, European Commission, 2014 <http://ec.europa.eu/social/BlobServlet?docId=12544&langId=en>

Recent initiatives to develop reference budgets or to adapt existing reference budgets?

- *For what purposes are they developed or used? By whom?*

- *What actors were involved in the construction? Were people experiencing poverty part of the process? Have focus groups been used?*
- *How would you evaluate the development and/or current use of the reference budgets in your country? Are they useful tools for policy purposes? For public campaigning and awareness raising?*

The reference budgets are not in use in calculating the national MIS. Instead there are very detailed list of goods and needs, what should be take into account when calculating the social assistance/benefit.

But the **reference budgets are used in reviewing/evaluating the adequacy and levels of social security** and MIS by THL and TITA-project, which are in connection with each other.

The reference budgets are **studied in governmental funded THL (Institute of Health and Well-being) by researches such as Pasi Moisio** (Head of Social Policy Research Unit, fe. research on minimum income protection systems). Moisio and **other researchers such as Lauri Mäkinen** has calculated “new poverty indicator” / “minimum budget poverty” based on reference/minimum budgets in Finland and they have published a few articles and notes about “reference budget poverty in Finland”. If AROPE is the widest definition of poverty (around 900 000 people in Finland), and AROP more typical indicator (around 660 000 people in Finland), “minimum budget poverty” is more narrow and includes around 440 000 people in Finland (Severe material deprivation SMD would be most narrow with around 120 000 people in Finland).

Pasi Moisio, web: www.thl.fi/en/web/thlfi-en/about-us/organisation/departments-and-units/health-and-social-care-systems/social-policy-research/staff/pasi-moisio

THL has also published in late 2016 the study of Lauri Mäkinen, “**Building poverty indicator/measurement based on reference budgets**”, www.julkari.fi/handle/10024/130240

Lauri Mäkinen has been working in the ImPROvE-project administered by the European Commission. (“In the project, I am responsible of compiling a reference budget for Finland. In addition, I am working in a project that aims to develop a reference budget based poverty measure.”), https://www.utu.fi/fi/yksikot/soc/yksikot/sospol_ja_sostyo/oppiaine/henkil%C3%B6kunta/henkilokunta/Sivut/Lauri-M%C3%A4kinen.aspx

The reference budgets are also research in other research-projects, such as TITA-project 2015-2017 (**Tackling inequalities in Time of Austerity**), <http://blogit.utu.fi/tita> , whose work plan says “The aim is to define a poverty threshold (in euros) based on minimum reference budgets and to use this threshold to evaluate the validity problems of current ways of measuring poverty. The focus will be on how the validity problems of current poverty indicators may have distorted the picture of poverty (level, distribution and development), upon which political decision-making is currently based.” TITA is connected with previously mentioned Pasi Moisio (THL) and Lauri Mäkinen.

Some other researchers (concerning MIS, if not reference budgets):

- Olli Kangas from Kela (member of European Social Policy Network ESPN), who is the Director of Community relations and expert in Social inclusion, Healthcare and Pensions, has

studied MIS in Finland, f.e. in ESPN Report on Minimum Income Schemes in Europe ([ESPN Thematic Report on minimum income schemes, Finland, 2015](#)).

The involvement of people opinions is somehow taken into account in the Finnish reference budget studies.

Section 3: Implementation of Country Specific Recommendations on Minimum Income and follow up through the Semester process.

As part of the EU Semester process, a number of countries have received **Country Specific Recommendations (CSR)** on their MIS or more generally on poverty. **Country Reports** can give interesting indications for countries performance with regards to Minimum **Income**. Evidence can also be found in EAPN's assessment of **National Reform Programmes** 2016. In some countries under a Macroeconomic Adjustment Programme; the **Memorandum of Understanding** has reference to MI. In this section you find information about developments in response to these reports and recommendations as well as information on how EU funds are used to support developments in relation to Minimum Income Schemes.

Policy responses to the CSR, initiatives to implement them and to improve the MIS, if there are new evolutions in this respect in your country. Other developments in relation to Minimum Income Schemes as part of the Semester Process, please add them here.

Almost nothing in European Semester process on this in Finland.

Has EU funds being used to support developments in relation to Minimum Income Schemes

No.

Section 4: Social and Political Environment and its impact on the fight against poverty and the evolution of Minimum Income Schemes

In this section there is a brief sketch of the 'mood', the atmosphere that exists in relation to poverty, people living on minimum income, and the impact on some specific groups such as migrants, Roma/Travellers, growing nationalist sentiments etc.

What kind of social and political environment exists within which the EMIN project will operate?

About the sentiment and general mood in society and politics regarding the MIS and the level of basic social security: The current austerity-driven PM Sipilä's government is not so much interested about this and has frozen many social benefits, but still even they have started to talk about inequalities and appointed a committee to think solutions to reduce inequalities. So it's not impossible that even this government could act, at least if the stagnating economy situation would get better as it now seems a bit. Also the next

government from 2019 will be important, since there is the Social Security overhaul is coming on its time.

In the public debate there are quite opposite opinions: some are talking about “lazy unemployment people” while some others are seeing some activation measures (especially those without work-contract) as “forced work”.

Section 5: Developments in relation to the Finnish EMIN Network

In this section you provide information in relation to the state of development of your National EMIN Network. In particular describing social dialogue/partnership with public authorities and other stakeholders.

Is there a formal or informal steering group for your National EMIN Network (who is involved)?

Have there been any contacts with potential partners that can help to build alliances for the improvement of the MIS in your country?

Has any activity been organised with regards to MI? Communications or public awareness raising, since the completion of the EMIN1 project?

In Finland, the EMIN national network was de facto the same as EAPN-Fin. But we are now building wider network with this EMIN2-project, even if we haven't put up a steering group for EMIN2/EMIN Network yet.

We have many potential partners in **Trade Union movement in Finland**. One challenge to work with trade unions in Finland is that they prefer wage-related unemployment benefits (and sometimes even workfare, one slogan very commonly used is “work is best social security”) before basic social security. That's why the trade union movement has not been so concerned about the levels of MI, than about the levels and time of unemployment benefits. There are three separate central trade union organisations (SAK – “workers” with 13 bigger unions, STTK – “white collar workers” with 17 bigger unions and AKAVA – “academics” with 35 unions).

We also have **potential partners in researches and research-institutions such as above mentioned THL** (Pasi Moisio) **TITA** (Mikko Niemelä, Lauri Kivinen) and **Kela** (Olli Kangas).

We also have contacts to the Ministry of Social Affairs and Health (fe. Pasi Korhonen, who is also member of SPC).

EAPN-Fin has been actively doing advocacy work (but with the wordings of Basic Social Security and not Minimun Income) and we have been closely monitoring the developments concerning the above mentioned changing of basic social assistance from municipalities to Kela.

The adequate levels of different basic social security benefits have been major issue for EAPN-Fin for a long time. Many benefits (such as basic social assistance, basic unemployment benefit) are not adequate and that fe. forces people in bread lines. EAPN-Fin

and some of its members are strongly underlining the need to raise many different minimum /basic social security assistances to lift people from the bread lines and more generally from poverty.

EAPN-Fin member “Finnish Society of Social Rights” has made a complaint to the Council of Europe’s Committee of Social Rights about the levels of some basic social security. The Committee has made several decisions against Finland, saying that many minimum benefits in Finland are not in line of European Social Charter. Finland is violating the minimum income in “sickness benefit”, “maternal benefit”, “guarantee pension”, “basic unemployment benefit” and “basic social assistance”. Government denies the complaint and says that the different benefits are studied by themselves and not in context where you can have many of them and also additional free services, <http://formin.finland.fi/public/default.aspx?contentid=321111&contentlan=2&culture=en-US>

Finnish Society of Social Rights is probably going to renew the complaint to the Council of Europe in 2017 or 2018, because Finland has not raised those benefits and have even cut and frozen some of those.

We have had some discussion in the EAPN-Fin, that we could even start to collect signatures for citizen’s initiative around these issues (it takes 50 000 names for the initiative to enter the parliament in Finland).