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FINLAND, A LAND OF SOLUTIONS: GOVERNMENT ACTION PLAN 2018–2019



Finland, a land of solutions: Government Action Plan 2018–	2019

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Abstract

This is the fourth updated action plan of Prime Minister Sipilä's Government. The action plan contains a summary of the central achievements of key projects and reforms as well as actions for the remainder of the government term and the new openings decided by the Government in its mid-term review in spring 2017.

The Government has regularly assessed key project and reform implementation throughout the government term at its strategy sessions and, where necessary, made decisions on new actions required to achieve the objectives. In the Government's spending limits discussion in spring 2018, decisions on new measures were made, especially concerning employment, the availability of skilled labour, facilitating lifewide learning, social justice, housing policy, support for the regional government and health and social services reform implementation as well as continuing the efforts to cut public sector costs. The Government additionally made decisions on launching new, high-impact deregulation measures. This document contains the most important measures complementing the Government's key projects and reforms.

This action plan specifies the main milestones in the implementation of the key projects and reforms. It is a programme for change to which the Government is strongly committed. This document does not cover the full contents of the Government Programme. It provides an overview of the most essential measures promoting key projects and reforms that will give momentum to the change needed to achieve the Government's vision.

The Government oversees key project implementation at its regular strategy sessions. A minister responsible for implementation has been designated for each key project and a ministerial working group has been appointed for each strategic priority. Documents that show the progress made in implementing the action plan are available on the Government website at vn.fi.

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Introduction

The Strategic Government Programme of Prime Minister Juha Sipilä defines Finland's vision for the future as follows: *In 2025, Finland is an inventive, caring and safe country where we all can feel important. Our society is based on trust.'* The Government's objective is to bring the Finnish economy to a path of sustainable growth and increasing employment, and to secure the funding of public services and social security. Many financial policy objectives set by the Government are about to be reached. It appears that the 72% employment rate set as the target by the Government will be achieved; the employment rate trend was 71.1% in February (seasonally adjusted rate). The Government Programme goal of increasing the number of people in employment by 110,000 is also within reach; a growth of 90,000 has already been recorded in this number between the beginning of the government term and spring 2018. The total tax rate started declining in 2017. The GDP-todebt ratio already levelled off in 2016 and is set to continue its decrease in the next few years, while the central government deficit declines.

The Government holds firm to its long-term objective of balancing general government finances and bridging the sustainability gap of EUR 10 billion. This gap will be covered through savings of EUR 4 billion and reforms that will boost public finances by EUR 4 billion. The remaining EUR 2 billion will be covered through measures that promote employment and growth.

In its Government Programme, the Government selected **five strategic priorities**, which find their concrete expression in **26 key projects**. The Government will also overhaul the pension system, implement the regional government and health and social services reform, cut public sector costs and reform the central government.

The Government has regularly assessed key project and reform implementation throughout the government term at its strategy sessions and, where necessary, made decisions on new actions required to achieve the objectives. Many of the original Government key projects have already been completed: the key project on strengthening competitiveness and improving conditions for entrepreneurship, for example, has almost reached the set targets.

New decisions were made in the Government spending limits discussions of 2017 and 2018, in particular. The mid-term review of spring 2017 contained decisions on **31 new openings** concerning four areas: (for a list of measures and their progress, see Appendix 1)

- Knowledge, growth and employment
- Caring
- Renewal
- Security

In the Government's spending limits discussion in spring 2018, decisions on new measures were made, especially concerning employment, the availability of skilled labour, facilitating lifewide learning, social justice, housing policy, support for the regional government and health and social

services reform implementation as well as continuing the efforts to cut public sector costs. The Government additionally made decisions on launching new, high-impact deregulation measures. This document contains the most important measures complementing the Government's key projects and reforms.

Action plan update is a key part of the Government's strategy process

This is the fourth updated action plan of Prime Minister Sipilä's Government. The ministries will see to the more detailed planning of projects and measures as part of their operative planning.

This action plan specifies the key milestones in the implementation of the key projects and reforms. It is a **programme for change** to which the Government is strongly committed. This document does not cover the full contents of the Government Programme. It provides an overview of the most essential measures promoting key projects and reforms that will give momentum to the change needed to achieve the Government's vision.

In autumn 2015, the Government decided to allocate a one-off appropriation of EUR 1 billion to the key projects in 2016–2018. The Government action plan will be implemented within the framework of this funding, the existing authorised spending limits and the other provisions of the General Government Fiscal Plan. Key project funding allocated to the strategic priorities is shown under the priorities. The key projects may also draw on other funding.

The Government oversees key project implementation at its **strategy sessions**. A minister responsible for implementation has been designated for each key project and a ministerial working group has been appointed for each strategic priority. Documents that show the progress made in implementing the action plan are available on the Government website at vn.fi.

1. EMPLOYMENT AND COMPETITIVENESS

In the year In Finland, doing work and providing work are always profitable. Finland is a competitive country in which entrepreneurship, ownership and investment are more profitable than at present.

GOVERNMENT-TERM OBJECTIVES FOR THE PRIORITY AREA

Safeguarding the funding of welfare services and income transfers has been implemented by reforms that bring better incentives to work, make employment appealing, enhance the operation of labour administration, and create more competitiveness.

The employment rate has been increased to 72 per cent and the number of people in employment has risen by 110,000. Investment exceeds depreciation, and labour input has grown.

The reforms increase labour supply, entrepreneurship and the diversification of the business structure, and strengthen public finances by over one billion euros.

KEY PROJECTS

Boosting competitiveness by improving conditions for business and entrepreneurship



Incentive traps that discourage acceptance of work will be removed and structural unemployment reduced



Company-level bargaining will be promoted and barriers to employment removed



Reforming labour administration to support employment



Increased housing production



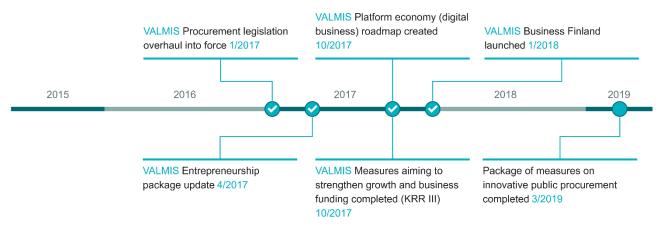
Key project 1:

Strengthening competitiveness by improving conditions for business and entrepreneurship

Minister of Economic Affairs Mika Lintilä and Ministers Sanni Grahn-Laasonen, Jari Lindström and Anne-Mari Virolainen

The measures of the key project on competitiveness form an entrepreneurship package that will support businesses in their different life cycle stages. The objective is to remove barriers to business and entrepreneurship and improve the operating conditions of businesses in the domestic and global markets. The measures will improve the efficiency of internationalisation services for businesses and entrepreneurs, improve business finance instruments, promote deregulation, simplify permit processes, and open markets for competition.

Key project milestones:



17.8.2018

Achievements:

- Among other things, the Competitiveness Pact will improve Finland's cost-competitiveness through extending the annual working time by 24 hours without interfering with earning levels
- **Shop opening hours** were deregulated from the beginning of 2016.
- **Entrepreneurship package** measures have been implemented, including the provision of EUR 600 million of growth funding.
- Procedures for fast-tracking the permit processes of major **industrial investment projects** have been prepared.
- **Procurement legislation overhaul** entered into force on 1 January 2017.
- Business Finland reform entered into force on 1 January 2018.
- A Roadmap for digital platform economy was completed in autumn 2017.
- Additional funding was allocated to Business Finland (BF) for drivers of growth and to the
 Academy of Finland for a flagship programme of cutting-edge research. The Academy of
 Finland selected the first two research flagships in April 2018. The Government has also
 increased investments in competence and education through its decisions on capital injections
 into the flagships, drivers of growth and vocational education and training.

- An **Age of artificial intelligence programme** will be completed in April 2019 (see under the new openings).
- Rapporteurs on entrepreneurship appointed by the Ministry of Economic Affairs and Employment will prepare a proposal for a strategic action plan for promoting entrepreneurship that would extend across government terms by 30 June 2018.
- **Tourism 4.0 programme:** an increase in appropriations for Visit Finland activities and measures aiming to enhance the digital competence of businesses and promote year-round tourism.
- The **Talent Boost** action plan seeks growth through international talents.
- As an experiment conducted by Business Finland's funding and network services, an
 Innovation bank service package will be launched to support more efficient commercialisation
 of research information and expertise.
- In cooperation with private and regional services, the Ministry for Foreign Affairs and Finnvera,
 Business Finland offers a comprehensive and seamless service package to support companies' exports and internationalisation.
- In order to increase private capital in the venture capital market and to diversify the group of
 investors, the possibilities for a legislative amendment safeguarding the tax neutrality of
 investments made by foundations and non-profit organisations in venture capital funds
 operating as limited partnerships in comparison with their investments in other instruments
 will be examined, if this is not prevented by State aid regulation (report of the Ministry of
 Finance's working group on taxation from spring 2018).

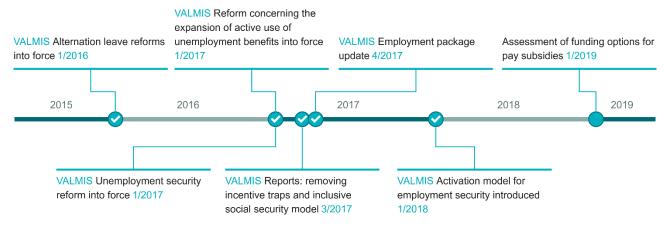
Key project 2:

Incentive traps that discourage acceptance of work will be removed and structural unemployment reduced

Minister of Labour Jari Lindström

Objectives of the social and unemployment security system reform: incentives for quick acceptance of new work, shorter periods of unemployment, reduced structural unemployment and savings in public expenditure. Unemployment security will be reformed, incentive traps preventing the acceptance of new employment removed, and a model to deliver inclusive social security created.

Key project milestones:



Achievements:

• Unemployment benefit can be used to fund pay subsidies and start-up grants and to pay mobility allowance. In its spending limits discussion of spring 2018, the Government decided to continue the use of this funding model in 2019 and also in connection with the regional government reform after 2020.

- **Unemployed jobseekers are interviewed** every three months.
- The maximum period for receiving **earnings-related unemployment allowance** has been reduced.
- The maximum period for which an unemployed jobseeker may pursue independent studies on unemployment benefit has been extended to allow the completion of the basic education syllabus.
- The conditions of **job alternation leave** have been made more stringent.
- More stringent provisions on the duty to accept work have been included in the Unemployment Security Act.
- The unemployment security activation model was introduced at the beginning of 2018.
- Under **reformed enforcement legislation**, debtors subject to enforcement who have received an unemployment benefit for at minimum one year are entitled to a postponement of 6 months before garnishment of their wages begins.
- Unemployment security for self-employed persons:
 - Unemployed persons may pursue business activities for 4 months without losing their unemployment benefit.

• Tax exemptions for employer-provided training in the employee's taxation have been clarified and extended by incorporating a specific provision related to this in the Income Tax Act.

- Complementation of the employment package in the spending limits discussion of 2018:
 - Specification of and resource allocation to the activation model. The TE Offices' personnel resources will be increased by 206 person-years and the unemployment benefit appropriations by EUR 11.2 million. As a new option for meeting the activation requirements will be introduced employment-promoting services provided by trade unions, trade organisations, non-governmental organisations, municipalities or other corresponding bodies that receive public funding or are otherwise approved by the employment authorities.
 - On 19 April 2018, the Government submitted to Parliament a proposal for an amendment to the Unemployment Security Act, under which jobseekers would have the right to study without losing their unemployment benefit if they are aged 25 or over and their studies take at most six months to complete. Studying would meet the activation requirement in the activation model.
 - The rules of unemployment security will be developed to provide more incentives for accepting short-term work. The decision on exactly how this will be achieved is to be made before the spending limits discussion of 2018.
 - The employment rate of **older persons** will be improved by initiating a tripartite drafting process to promote remaining at work and the re-employment of unemployed persons. The term of the working group will be 2 May 2018–31 December 2018.
 - The employment of persons with impaired work capacity and other groups in a weak labour market position will be promoted as part of growth service pilots (cf. Key project on health and wellbeing 5)
 - The return to the labour market of parents on family leave will be supported through a pilot project where career guidance and jobseeking coaching are offered at family centres.
- Adequate resources will be secured for labour market policy.
- The funding options for pay subsidies from the beginning of 2019 will be evaluated, with the
 objective of topping up the funding from unemployment benefit appropriations

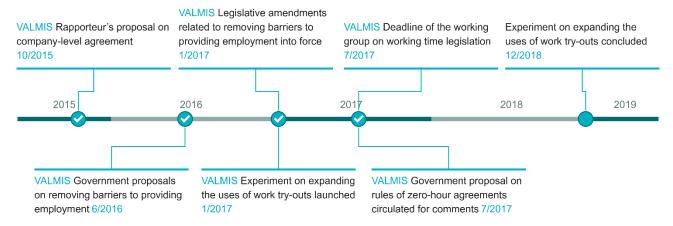
Key project 3:

Company-level bargaining will be promoted and barriers to employment removed

Minister of Labour Jari Lindström and Minister of Economic Affairs Mika Lintilä

The objective is to introduce a comprehensive reform of labour legislation in order to promote local agreement. The social partners will be encouraged to adopt local agreement practices in the workplaces, and the preconditions for local agreements will be supported by legislative projects.

Key project milestones:



Achievements: 17.8.2018

- Removal of barriers to offering employment: extending the probationary period, changing the grounds for fixed-term employment relationships (right to recruit a person for extended fixed-term employment without a justified reason) and relaxing the obligation to re-employ a worker in case of redundancy (from 9 to 4 months).
- The purposes for which work try-outs can be used have been extended (2017–2018); work try-outs can be used to assess an employee's suitability before an employment contract is concluded.
- The Government has submitted to Parliament a proposal containing **new rules for zero-hours contracts** for employment contracts with variable working hours (14 December 2017).
- A rapporteur's proposal on company-level agreements was completed in October 2015. A
 working group prepared a proposal on legislation related to company-level agreements in
 spring 2016. This proposal was not processed further.
- The proposal for a new Working Hours Act prepared by a working group was completed in late June 2017. The Government outlined its policy on the Working Hours Act in the spending limits discussion of 2018. The Act will be based on a broad scope of application and the principle of extensive flexibility. New elements in the Act include a statutory working time bank and flexibility of working time.

Principal measures for the remaining government term:

• Complementation of the **unemployment package** decided in the spending limits discussion of spring 2018:

- The criteria for laying off individual workers will be lowered in companies with less than 20 employees. The aim of the amendment to the Employment Contracts Act is to remove barriers to offering employment.
- The employment of young unemployed jobseekers will be promoted. An amendment will be made to the Employment Contracts Act under which an employer could conclude a fixed-term employment contract with a young person aged under 30 who has been unemployed for an uninterrupted minimum period of 3 months without the justified reason otherwise laid down in the Act.
- The Government decided to appoint a rapporteur or rapporteurs to assess the
 effectiveness of the Act on Co-operation Within Undertakings. The assessment would
 cover such areas as the categories of matters to which the cooperation procedure
 applies and dismissal procedures as matters for cooperation. The assessment is to be
 completed in autumn 2018.
- An overhaul of the Annual Holidays Act will be prepared by a working group by the end of June 2018, ensuring its compliance with the case law of the Court of Justice of the European Union.

Key project 4:

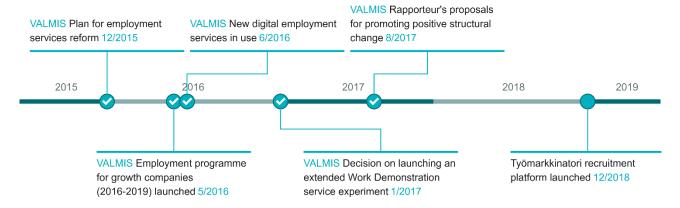
Reforming labour administration to support employment

Minister of Labour Jari Lindström

The objective of the reform is to alleviate labour market mismatch problems, eliminate demotivating measures, harmonise the interpretation of regulations across the labour administration and focus labour administration resources on activation measures.

The Government will prepare a proposal and necessary measures for a comprehensive reform of employment services.

Key project milestones:



17.8.2018

Achievements:

- As part of the Government's key project on employment services, pilot experiments in
 employment services have been carried out in 2016 and 2017. These experiments have tested
 the use of private service providers with restricted customer groups or in selected sectors,
 occupations or job placement services. The pilots have also developed new forms of jobseeking and business service practices. The new projects have been structured as part of the
 employment programme for growth companies, which lays the foundation for the future
 growth service.
- In the periodical interviews with unemployed jobseekers, the emphasis has been shifted from telephone interviews to face-to-face meetings. Unemployed jobseekers who need intensified services will, as far as possible, be directed to personnel service companies in need of labour in connection with the interviews conducted by TE Offices (after being unemployed for 3 months).
- To promote the fast employment of immigrants, an **SIB impact investing project aiming to promote integration** has been launched.
- This model of **integration training** for immigrants implemented as **labour market training** has been reformed to support faster employment.
- The scope of the **mobility allowance** was expanded as from 1 January 2018.
- A fixed-term legislative amendment was made (the Act on Public Employment and Business Service 916/2012, Chapter 5, section 2), which enabled the procurement of higher-level conversion training as labour market training until the end of 2017.

- **Ohjaamo** guidance centres have been put on a permanent footing and the network of centres has been expanded.
- Pay subsidies have been targeted at companies and difficult-to-employ jobseekers.
- The **Sanssi and Duuni cards were merged** to create a single pay subsidy card. A pay subsidy card will be issued to a jobseeker on the basis of an assessment relying on the profiling model and the TE Office's discretion.

Principal measures for the remaining government term: Complementation of the employment package in the Government's spending limits discussion of 2018:

- One-off fast-track measures to secure sufficient labour force for companies and to improve the availability of skilled labour will be launched. These measures will be relevant to upskilling and companies' training needs, including conversion training for talents in ICT and other sectors affected by labour shortages.
- A study on the structure of unemployment and prevention of incapacity for work will be produced.
- The deduction for temporary quarters will be reformed to provide better support for moving to areas where work is available. The maximum amount of the deduction will be increased from EUR 250 to EUR 450.
- TE services and business services will be merged to form growth services in the regional government reform.
- Legislation on public employment and business services will be amended to allow service providers to manage a jobseeker's customer process.
- In the SIB impact investing project related to employment, the performance of services for the unemployed will be improved through private funding and performance-based procurements.
- Proposals concerning the management of the positive structural change put forward by rapporteur Esko Aho will be implemented.
- **Työmarkkinatori recruitment platform** will for the first time bring together public and private service providers to offer jobseekers, employers, labour exchange organisations and others a meeting place that is as agile as possible (2018).
- To prevent labour market mismatches, recruitment services and training in growth sectors will be improved, new operating models will be piloted and solutions for mobility and commuting will be sought.
- As decided in the spending limits discussion of autumn 2017, EUR 15 million has been made available for performance-based procurements promoting young people's employment, and the Government's target is that 10,000 young people will participate in private providers' services.

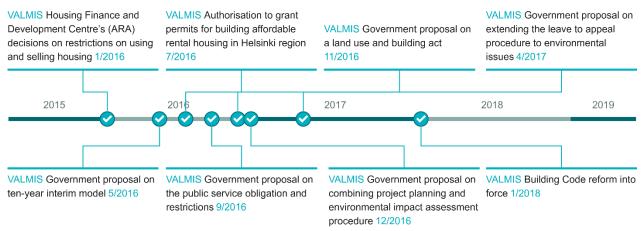
Key project 5:

Increased housing production

Minister for Housing, Energy and the Environment Kimmo Tiilikainen

The Government's objective is to encourage housing construction. To accomplish this, the zoning and permit systems will be streamlined to facilitate and accelerate construction with the aim of boosting economic growth and employment; increasing the supply of housing; renewing the housing stock; responding to demand for housing; promoting competition in the construction industry; increasing the freedom of choice in housing; and responding to changes in housing needs. The Government will pursue its housing policy.

Key project milestones:



Achievements:

- The Government's housing policy measures have been implemented: incl. a 10-year interest subsidy model, dropping of general interest requirements in new housing production, and increased flexibility in the restrictions on using and selling existing housing stock.
- Government bill amending the Land Use and Building Act was submitted in November 2016.
 The amendments concern deregulation of zoning and building, increased building possibilities, better preconditions for business and industries, and developing effective competition.
- **Project zoning and the environmental impact assessment procedure** are to be combined where justified. A government proposal was submitted in December 2016.
- The procedure for approving regional zoning has been dropped.
- The **powers related to granting exemptions from regulations** have been fully transferred to the **municipalities**.
- MAL agreements (land use, housing and transport) have been prepared and adopted.
- Government proposal on extending the **leave to appeal procedure** to apply to **environmental issues** in April 2017.
- Construction costs were reduced by allowing buildings to exceed the permitted building volume, for example by the volume required to build a civil defence shelter. The government proposal entered into force in December 2017.

- Developing the loan terms of interest subsidies in long-term housing loans
- Reform of the right-of-occupancy housing system
- Development of the central government's financial support measures for Arava loans
- An overhaul of the Land Use and Building Act will be launched.

2. KNOWLEDGE AND EDUCATION

In the year **2025**

Finland is a country that encourages people to keep learning new things. The level of competence and education of Finns has increased, supporting the regeneration of Finnish society and equality in regard to opportunities. Finland is a leading country in education, expertise and modern learning.

GOVERNMENT-TERM OBJECTIVES FOR THE PRIORITY AREA

Learning environments have been modernised and the opportunities offered by digitalisation and new pedagogical approaches are grasped in learning. The number of young people who have dropped out of education or working life has fallen. The drop-out rate in education has declined.

Dialogue between educational institutions and working life is more active.

The quality and effectiveness of research and innovation have begun to improve.

Education and research have become more international and obstacles to education exports have been removed.

KEY PROJECTS

1 New learning environments and digital materials for comprehensive schools



Vocational upper secondary education reform



2 Accelerated transition to working life



Improved access to art and culture



Closer cooperation between higher education institutions and business life to bring innovations to the market



Shift from the youth guarantee towards a community guarantee

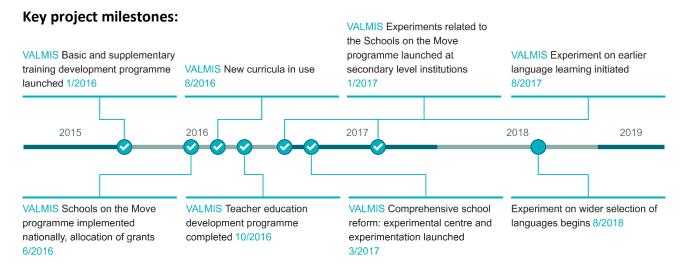


Key project 1:

New learning environments and digital materials for comprehensive schools

Minister of Education Sanni Grahn-Laasonen

The objective is to make Finland a leading country of modern learning and inspiring education.



17.8.2018

Achievements:

- New national core curricula for basic education were introduced in August 2016.
- The **New comprehensive education action plan** was launched in 2016. The action plan promotes digitalisation and teachers' competence development and supports the introduction of the new curricula.
- The Comprehensive School Forum prepared **common policies and measures** concerning the future of an **equal and the world's best comprehensive school.**
- The **teacher education development programme** was completed in October 2016, and its implementation started in September 2017.
- A **centre for experiments titled the Learning Finland** (Oppiva Suomi) was established in conjunction with the Finnish National Agency for Education in 2017.
- National tutor teacher activities based on peer support for teachers were launched. In spring 2018, 90% of education providers participated in them.
- The **Schools on the Move** activities have been expanded. They now cover approx. 90% of basic education pupils and municipalities. Experimental activities of this programme have been launched at secondary level educational institutions.

- Measures promoting an equal comprehensive school and children and young people's wellbeing in keeping with the Comprehensive School Forum's policies will be launched.
- The implementation of the Teacher Education Development Programme will be continued, and competence development models for teachers' pre- and in-service training will be reformed and mainstreamed.
- The tutor teacher activities will be expanded nationally, and regional coordination will be strengthened. A third call for applications will be launched in autumn 2018.
- An **online material service** for teachers will be developed and implemented.

- In cooperation with education providers, the centre for experiments will develop new ways of organising school development activities, strengthen leadership at educational institutions and promote a culture of experimentation in the field of teaching and education.
- Experiments on starting language learning earlier and broadening the range of languages offered.

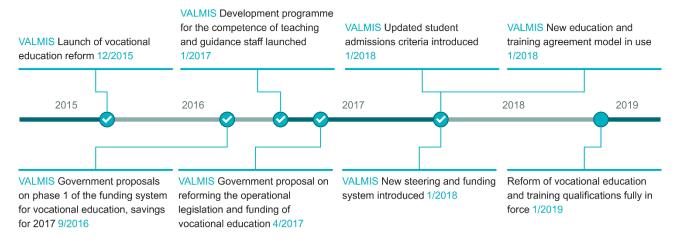
Key project 2:

Vocational upper secondary education reform

Minister of Education Sanni Grahn-Laasonen

The objective is to reform vocational education and training by creating a competence-based and customer-oriented system and to improve the efficiency of vocational education and training. Additionally, on-the-job learning and individual learning paths will be promoted and detailed regulation and overlapping functions eliminated.

Key project milestones:



Achievements:

- Operational legislation applicable to vocational education and training as a whole and the VET funding system entered into force in January 2018.
- A programme aiming to develop the education provider structure was launched in May 2016.
- A new steering and funding system was introduced in January 2018.
- New licences for education providers in October 2017.
- New admission criteria introduced in January 2018.
- Training agreement model introduced in January 2018.
- The **reform of vocational education and training qualifications** will enter fully into force in January 2019.
- A project on reforming the **operating processes and learning environments** of vocational education and training providers was launched in August 2016.
- A programme developing the competence of teaching and guidance personnel that supports reform implementation was launched in January 2017.
- A programme to support reform implementation was launched in November 2017.

- Implementation of education export experiments.
- Implementation of a **reform project on operating processes and learning environments** between August 2016 and December 2019.
- Carrying out the programme to support reform implementation November 2017–

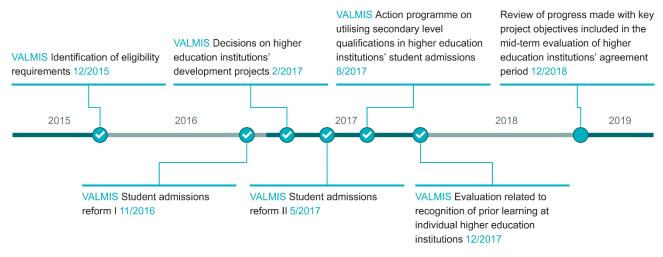
Key project 3:

Accelerated transition to working life

Minister of Education Sanni Grahn-Laasonen

The objective is to extend careers and provide flexible learning paths. Young people's transition to further education will be facilitated. Flexible learning paths will make it easier to complete qualifications and reconcile work and studies.

Key project milestones:



17.8.2018

Achievements:

- A proposed action plan on using matriculation examination results in higher education institutions' student admissions was completed in November 2016. A proposal on using vocational upper secondary qualifications in higher education institutions' student admissions was completed in May 2017. On the basis of these proposals, an action plan extending till 2020 on using secondary level qualifications in higher education institutions' student admissions was prepared together with the higher education institutions (August 2017).
- In their agreements for 2017–2020, the Ministry of Education and Culture agreed with the universities and universities of applied sciences on objectives and strategic funding aiming to accelerate transition to the labour market and improve the quality of higher education (January 2017).
- Development of higher education: projects to be implemented in 2017–2019 (incl. student admissions, digital pedagogy and new learning environments, transferability of study attainments, guidance and counselling, capacity for study, well-being and accessibility) were supported with special transfers amounting to EUR 25 million. Decisions made in February 2017.
- Evaluation of individual higher education institutions' practices for the recognition of prior learning, December 2017

- Decisions on **higher education development projects** in 2018–2020 (max. EUR 40 million) in April 2018.
- In the mid-term evaluations of the higher education institutions' agreement period, progress made with key project objectives will be assessed in December 2018.

- As part of the implementation of the Vision for higher education and research in 2030, development programmes for enabling open and flexible study pathways and lifewide learning will be prepared by December 2018, the potential government proposal to be submitted to Parliament in October 2018.
- In its spending limits discussion of 2018, the Government decided to launch a reform of lifewide learning (Competent Finland).

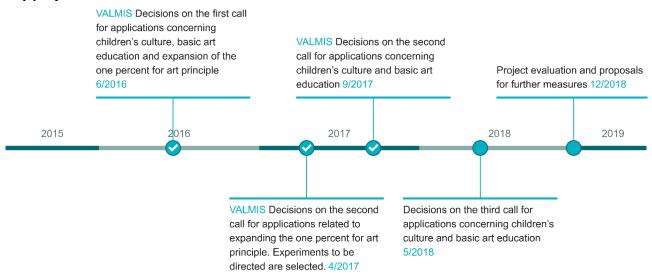
Key project 4:

Improved access to art and culture

Minister for European Affairs, Culture and Sport Sampo Terho and Minister of Education Sanni Grahn-Laasonen

The objective is to incorporate culture into children's daily lives, support the creativity of children and young people, and make art and culture easily accessible to all.

Key project milestones:



Achievements:

17.8.2018

- Recreational classes led by professionals of arts and culture have been provided in
 connection with the school day for pupils in grades 1–10. Through basic education in arts,
 recreational classes have been provided for children at early childhood education and care age
 during their day in care. So far, approximately 60,000 children and young people have
 participated in these classes. One out of five of these children has found a new hobby through
 the key project. The projects have strengthened cooperation between actors.
- 200,000 pupils (comprehensive school grades 1–10) responded to the new National **School Survey**. The survey has highlighted the significance of consulting the children. Recreational classes have been organised as indicated by the pupils' interests.
- The activities of children's cultural centres have spread to new municipalities.
- A development programme **promoting the multiliteracy of children (aged 0 to 8)** has been launched. An estimated 1,600 children and 500 early childhood educators, teachers and library and cultural sector actors are within the scope of this development programme.
- In the **key project on expanding the one percent principle**, 14 development projects and seven experiments have been initiated to explore means for putting artistic and cultural activities on a permanent footing as part of social welfare and healthcare and preventive work. Preparation of recommendations has been started.

- A third call for applications concerning funding for projects aiming to increase the supply of children's culture and other artistic and cultural activities in May 2018.
- Project evaluation, proposals for further measures and the ministers' recommendations in December 2018

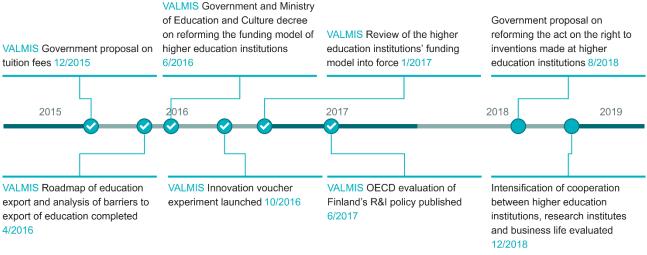
Key project 5:

Closer cooperation between higher education institutions and business life to bring innovations to the market

Minister of Economic Affairs Mika Lintilä together with Minister of Education Sanni Grahn-Laasonen

The objective is to make maximum use of scientific and research resources and to boost Finnish exports of education.

Key project milestones:



Achievements:

17.8.2018

- Finnish Funding Agency for Innovation Tekes' key project funding (EUR 59 million for 2016–2018) has supported challenge-based research, opening and utilisation of research results obtained by research organisations as well as new operating models that support business cooperation.
- The **Academy of Finland' key project funding** (EUR 30 million between 2016 and 2018) has supported young researchers and the use of research results.
- In 2017, the central government made a capital injection amounting to EUR 150 million of match funding in universities. Similarly, a capital injection of EUR 24 million will be made in universities of applied sciences in 2018. An additional capital injection of EUR 46 million will be made in universities in 2018, with the quality and impact of research and renewal of operating methods as the allocation criteria.
- As part of universities' core funding, the **renewal of universities** will be supported with strategic funding amounting to over EUR 190 million in the agreement period 2017–2020.
- Through the **innovation voucher experiment**, Tekes has activated a new target group in innovation activities, particularly start-up companies and SMEs.
- The **research**, **development** and **innovation** activities of universities of applied sciences have served the renewal of SMEs in particular (incl. the innovation voucher experiment).
- A roadmap of education exports and an analysis of barriers to education exports. The Education Finland growth programme supports companies' and education providers' education exports.
- Higher education institutions were enabled to **charge tuition fees to** degree students **from non-EU/EEA states** in January 2016, and they were obliged to do so from August 2017.

- The internationalisation policies of higher education and research and Team Finland
 Knowledge network were created to strengthen education and research cooperation and education exports.
- Implementation of the Health Sector Growth Strategy for Research and Innovation Activities, Roadmap for 2016–2018, the National Growth Programme for the Transport Sector, the Roadmap for digital platform economy.
- An **OECD evaluation** of Finland's research and innovation policies was published in June 2017.
- **Vision for higher education and research in 2030** aims for a higher education system with improved quality and impact. An implementation roadmap will be completed in 2018.
- The objective laid down in the **Research and Innovation Council's vision** is that in 2030, Finland will be the most attractive and competent environment for experimentation and innovation.
- Final report on the process of intensifying cooperation between higher education institutions and research institutes (2014–2017) in February 2018.
- The **Open science and research** project has promoted an operating culture and competence related to openness at higher education institutions and research institutes.

- Government proposal on reforming the **Act on the Right in Inventions Made at Higher Education Institutions** in August 2018
- Effective tools: **Drivers of growth funding** from 2018 and **Flagship institutes** by December 2018.
- Mid-term report on the impacts of the introduction of tuition fees for non-EU/EEA students October 2018.

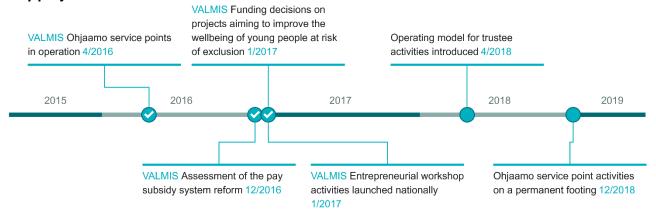
Key project 6:

Shift from the youth guarantee towards a community guarantee

Minister of Education Sanni Grahn-Laasonen (and ministers Jari Lindström, Juha Rehula and Sampo Terho)

The objective is to support young people's life management skills, learning paths and employability. Additionally, cooperation in efforts to assist young people will be intensified and the best practices will be disseminated across the country.

Key project milestones:



Achievements: 17.8.2018

- There is a total of 40 **Ohjaamo** service points, and more than 400 professionals in different fields work in them at least one day a week. In 2016, Ohjaamo service points offered individual guidance 50,000 times and encountered young people in groups 60,000 times.
- The **trustee model** has been formulated on the basis of the Social Welfare Act and the Youth Act.
- **Entrepreneurial workshop activities** for young people, which are part of the TE services, have expanded nationwide.
- The pay subsidy system has been reformed. Pay subsidies are today being used more clearly
 for developing vocational competence and promoting employment in the open labour market.
 In addition to the long-term unemployed, pay subsidies are targeted at promoting the
 employment of those who, according to the TE Office's assessment, are at risk of long-term
 unemployment.
- Funding decisions: The Ministry of Social Affairs and Health granted over EUR 2.5 million to a
 project carried out by Helsinki Deaconess Institute that builds up the functional capacity and
 working ability of NEET youth and provides them with opportunities for participation. The
 Finnish National Agency for Education granted a total of EUR 400,000 to 14 network projects
 with 79 participating municipalities to develop flexible basic education activities.

- An overview of the key projects will secure the joint impact of different key projects on the
 well-being of children, young people and families and on reducing inequality in the context of
 the regional government reform.
- The Government will implement 19 measures to promote the wellbeing of children and young people, prevent social exclusion and reduce the number of NEET youth.

3. HEALTH AND WELLBEING

In the year 2025

People in Finland are healthier and in better control of their lives.

They feel that they can have an influence, make choices and take responsibility. Health and social services focus on preventive action, and the clinical pathway is smooth, personnel are coping well and information systems work well. Through reform, joint resources can be used to foster better health and wellbeing.

GOVERNMENT-TERM OBJECTIVES FOR THE PRIORITY AREA

Social protection has been overhauled to encourage participation and employment. Health promotion and early support have been bolstered in inter-administrative decision-making processes, services and working life by means of legislative amendments and better execution. Differences in health and wellbeing have narrowed.

Support is provided to people of all ages, to enable them to take responsibility for their own state of health and lifestyles. The public service pledge is defined within the parameters of society's financial resources capacity. People in different life situations have more choices.

The wellbeing and individual resources of children and families have been enhanced.

The focus is on home services for older people. Informal care has been reinforced.

The health and social services reform has improved basic public services and information systems.

Inclusive social security that encourages acceptance of employment.

Participation in organisations and voluntary activities has been facilitated and people's engagement increased by cutting red tape.

KEY PROJECTS

Customer-responsive services

49 MEUR

Health and wellbeing will be fostered and inequalities reduced



Programme to restructure child and family services

11 37,5 MEUR

Home care for older people will be developed and better informal care for all age groups

27 MEUR

5

Career opportunities for people with impaired work capacity



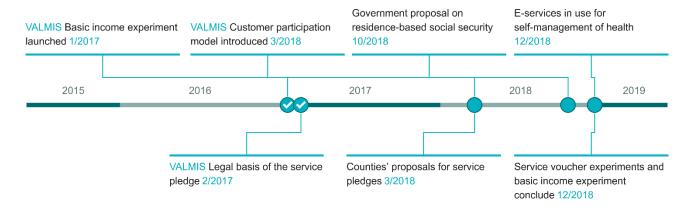
Key project 1:

Customer-responsive services

Minister of Social Affairs and Health Pirkko Mattila and Minister of Family Affairs and Social Services Annika Saarikko

The objective is to provide customer-responsive operating processes conducive to greater freedom of choice and the client's personal initiative in the context of social and healthcare services, and to ensure an appropriate level of social security. Reforms of social welfare and healthcare operating processes and social security will be launched. Different functions will be fused to provide customer-responsive service regimes. The tools offered by digitalisation will be utilised and red tape reduced. The customer's initiative will be supported and shared access to information provided.

Key project milestones:



17.8.2018

Achievements:

- The county's public service promise and the operating model of client participation have been completed.
- Ten regional service voucher experiments are under way (health and social services centre, personal budget, oral healthcare); five began in 2017, while five new ones were launched in January 2018 as the experiments were expanded.
- The Virtual Hospital 2.0 project has produced the <u>www.terveyskyla.fi</u> portal for citizens, patients and professionals.
- The ODA project (My Wellbeing Services for the Digital Age) has produced health and wellbeing e-services for clients (wellbeing examinations, assessment of symptoms, My Plan).
- In the Residence-based social security project, a report on the overall economic impacts of immigration has been completed.
- A basic income experiment is being carried out in 2017–2018.

- Piloting and practical implementation of the public service promise.
- The final report and final evaluation of the Operating model for client participation project will be completed in March 2018. Practical implementation of the operating model.
- The transfer of systems and services developed in the Virtual Hospital 2.0 project and the ODA project (e-service package for self-care) to SoteDigi Oy will be prepared by 30 October 2018.

- Service voucher experiments (an experiment related to the freedom of choice) will be continued and expanded.
- Government proposal on residence-based social security in October 2018.
- An inclusive social security experiment will be launched in early 2018.

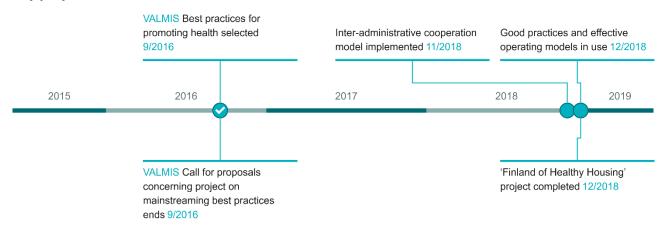
Key project 2:

Health and well-being will be fostered and inequalities reduced

Minister of Family Affairs and Social Services Annika Saarikko

The objective is to encourage healthy lifestyles, including exercise, and foster good mental health, reduce negative health impacts from buildings and narrow the well-being and health gaps.

Key project milestones:



17.8.2018

Achievements:

- The mainstreaming of good practices that promote a healthy lifestyle, mental health and social inclusion and prevent loneliness has mainly progressed well in all projects launched in 2017. The projects have successfully targeted their work at those in the most vulnerable position in terms of their health and wellbeing. Six of these projects are nationwide, while three operate in 10–11 counties and one in Lapland. The project spans the years 2017–2018.
- The objectives of the Finland of Healthy Housing project have been included in the Healthy facilities 2028 action plan and the National Institute for Health and Welfare's indoor air programme.
- A cross-sectoral cooperation model has been completed.

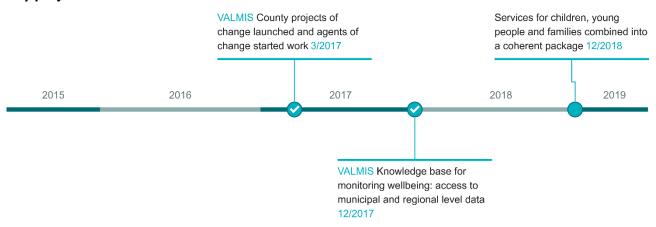
- The spreading and mainstreaming of good practices will be completed, and the project results
 will be integrated in the implementation and steering instruments of the regional government
 and health and social services reform.
- The objectives of the Finland of Healthy Housing project will be implemented as part of the Healthy facilities 2028 action plan and the National Institute for Health and Welfare's indoor air programme.
- The cross-sectoral cooperation model will be coordinated with the Ministry of Social Affairs and Health's long-term policies on the promotion of health and wellbeing.
- In its spending limits discussion of spring 2018, the Government made major inputs in
 enhancing social justice, for example by paying attention to the proposals of the working
 group addressing inequality issues appointed as one of the new openings of the mid-term
 review.

Programme to restructure child and family services

Minister of Family Affairs and Social Services Annika Saarikko and Minister of Education Sanni Grahn-Laasonen

The aim is to create a favourable environment for growing and learning for children and young people and to support the entire family's wellbeing. The fragmented system of services for children and families will be reformed to respond better to the needs of these groups in the operating environment of the counties and the new municipalities. A sweeping reform will be carried out where the focus will be shifted to preventive services that are shared by all, support for parenting as well as early support and intervention. An operating culture that respects children's rights and reinforces knowledge-based action will also be fostered in decision-making.

Key project milestones:



17.8.2018

Achievements:

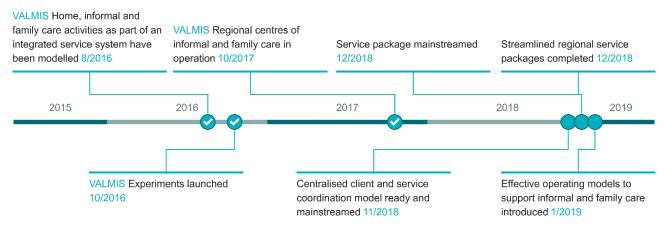
- Projects to develop services for children and families across the boundaries of social welfare, health care and education services are under way in all counties
- Models for new practices and service structures have mainly been created, and they are being implemented in regional projects:
 - A model for family centre activities offering low-threshold services at a single location, wellbeing services linked to early childhood education and care and school, including the local provision of special services, team model in child protection, multiprofessional centres that offer services of the most challenging level
- Creation of tools and guidelines for the operating model of child friendly municipality and region:
 - Budgeting model for monitoring the social welfare, health care and education services' expenditure on children, process description and guidelines for assessing impacts on children

- Implementation of an interface report
- A child and family oriented operating culture, practices and service structures will be mainstreamed in the counties and municipalities and interface competence will be built up
- A digital platform to enable multi-actor cooperation will be developed (One child, a single plan report)
- At its spending limits discussion of 2018, the Government decided to launch the preparation of a **national strategy on children**.

Minister of Family Affairs and Social Services Annika Saarikko

The objective is to provide more equal and better services for older people as well as informal and family carers while curbing the increase in costs.

Key project milestones:



Achievements:

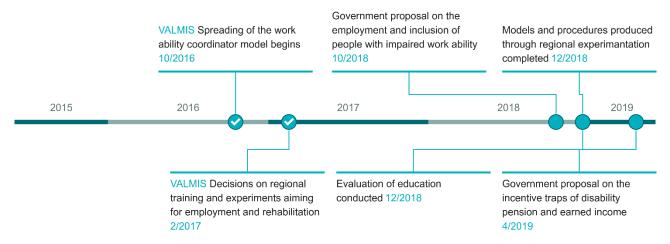
- In cooperation with key actors, the counties' agents of change focusing on older people and their families are preparing **coordinated service packages for older people** in their counties as part of the health and social services reform.
- The agents of change will involve the older population in the planning, for instance through councils for older people and customer panels.
- Eight major regional experiments have progressed according to plans.
- Three counties are testing centralised regional **client and service counselling** based on the one-stop shop principle and developing digital systems for client counselling.
- Three counties are testing a new **model of effective home care**, which includes 24-hour service, acute care, rehabilitative activities as well as staff participation.
- One county in collaboration with two others is testing informal and family care in which the
 operating models of informal care have been mainstreamed and a networking multi-actor
 operation model of informal and family care has been launched.
- Models for combining housing and services developed in three municipalities are about to be disseminated.

- A follow-up study on the Act on Supporting the Functional Capacity of the Older Population and on Social and Health Services for Older Persons will be completed and reported on.
- A follow-up study on informal and family care will be completed and reported on.
- Regional coordinated service packages for older persons will be completed.
- Conclusion of experiments (8) and publication, mainstreaming and spreading of the operating models developed in them.
- Based on the development areas of the projects and their evaluations, the service packages and decision-making will be reformed, and a permanent change will be supported.

Minister of Social Affairs and Health Pirkko Mattila

The objective is to increase significantly the number of persons with impaired work capacity who remain at work and also help such persons find employment in the open labour market.

Key project milestones:



Achievements:

- OSKU Road to labour market online service is operating actively
- Reports on the entrepreneurship of persons with disabilities, removing obstacles to their enterprising and lowering the threshold for recruiting them have been completed
- 12 experimental projects on supporting persons with impaired work ability who are difficult to employ and building an action model for supporting their work ability have been launched
- The working group on incentive traps has submitted a proposal for a linear model of partial disability pension and earned income.
- A declaration on promoting the employment of persons with impaired work ability was signed by the central labour market organisations and social and health care organisations in December 2017.

- At its spending limits discussion in 2018, the Government decided to improve the possibilities
 of persons with impaired work ability to remain in working life or to find jobs in the open
 labour market. The Government will launch a report aiming to investigate the labour market
 situation of persons with impaired work ability, their transitions between unemployment
 benefits and other forms of income, and services that promote remaining in the labour market
 or finding a job.
- As part of the growth service pilots, a performance-based project on employment will be initiated in collaboration with municipalities and service providers. (cf. Key project on employment and competitiveness 2)
- Expanding the training of work ability coordinators and increasing the number of training opportunities

- A follow-up meeting on the central labour market organisations' and social and health care organisations' declaration and further measures
- Launch of practical measures to remove barriers to the entrepreneurship and recruitment of persons with disabilities responsibility of the Ministry of Economic Affairs and Employment
- Conclusion of all 12 experiments
- Government proposal on the employment and social inclusion of persons with impaired work ability who are unemployed in October 2018, government proposal on the incentive trap of disability pension and earned income in April 2019, acts to enter into force on 1 January 2021.

4. BIOECONOMY AND CLEAN SOLUTIONS

1n the year **2025**

Finland will be a pioneer in the bio and circular economies and in cleantech. By developing, introducing and exporting sustainable solutions we have improved the current account, increased our self-sufficiency, created new jobs, and achieved our climate objectives and a good ecological state in the Baltic Sea.

GOVERNMENT-TERM OBJECTIVES FOR THE PRIORITY AREA

Finland has reached the 2020 climate objectives already during the government term. Imported fossil fuel-based energy has been replaced by clean and renewable domestic energy.

The growth of cleantech enterprises, the increase in the sustainable use of natural resources, pluriactive rural enterprises and an efficient circular economy have contributed to the creation of new jobs without compromising environmental protection.

The administrative burden that has slowed down regeneration has been significantly reduced.

Profitability of food production has improved and the trade balance has risen by 500 million euros.



KEY PROJECTS

Towards carbon-free, clean and renewable energy in a cost-efficient way

100 MEUR

7 Wood on the move and new products from forests

50 MEUR

Breakthrough to a circular economy and adoption of clean solutions

63 MEUR

Economically viable food production in Finland, balanced trade and thriving blue bioeconomy

100 MEUR

Nature policy based on trust and fair means



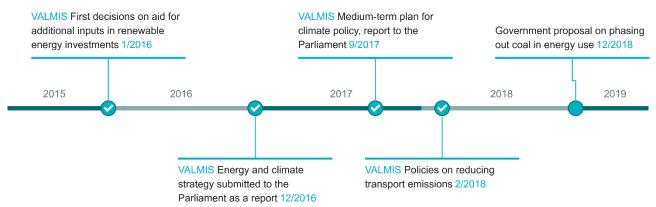
Key project 1:

Towards carbon-free, clean and renewable energy in a cost-efficient way

Minister of Housing, Energy and the Environment Kimmo Tiilikainen and Minister of Economic Affairs Mika Lintilä

The aim is to increase sustainably the proportion of renewable energy to exceed 50% of energy consumption in the 2020s. This will be based, in particular, on growth in the supply of bioenergy and other emission-free renewable energy.

Key project milestones:



Achievements: 17.8.2018

- Government report on the National Energy and Climate Strategy for 2030.
- Government Report on the Medium-term Climate Change Policy Plan.
- Acts amending the Act on Promoting the Use of Biofuels for Transport, the Act on Biofuels and Bioliquids and section 1 of the Act on the Energy Authority.
- Scrappage bonus, subsidies for purchasing electric cars and subsidies for converting cars to run on gas or ethanol to enter into force at the beginning of 2018.

- The Integrated National Energy and Climate Plan and long-term low emission strategy required under the Energy Union Governance Regulation will be drafted, March 2019.
- The implementation of the Medium-term Climate Change Policy Plan is under way.
- Government proposal on phasing out coal for energy use will be drafted, December 2018.
- Government proposal on increasing the obligation to distribute biofuel to 30% and the blending obligation of light fuel oil to 10% by 2030 will be drafted, November /2018.
- By means of additional funding, **low-emission transport** will be incentivised, including electric and gas-powered driving, the production of renewable energy, wood construction and experiments that promote the goals of the strategy.
- Investments in innovative new technology energy projects and, during the transition period, in electricity produced from renewable sources will be supported. A competitive electricity and gas market will be developed, taking energy reliability and flexibility in the energy market into account.
- Means for safeguarding the preconditions for co-production of electricity and heat will be investigated. The development of demand response, energy storage and decentralised production will be promoted in a manner that is sustainable in terms of the energy system.

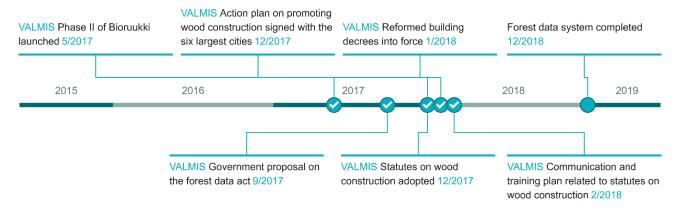
Key project 2:

Wood on the move and new products from forests

Minister of Housing, Energy and the Environment Kimmo Tiilikainen, Minister of Agriculture and Forestry Jari Leppä and Minister of Economic Affairs Mika Lintilä

The objective is to diversify and increase the use of wood and to increase its added value. Competitive and sustainable bioeconomy solutions to worldwide problems will be created in Finland, generating new business, jobs and exports.

Key project milestones:



17.8.2018

Achievements:

- As a result of the Forest data and e-services project, the Metsään.fi service operates as a site
 for information provision and e-service use, timber may be traded in the Kuutio.fi service,
 forest data standards facilitate data transfers, and maturity maps support round-the-year
 timber harvesting.
- The Forest Data Act entered into force on 1 March 2018.
- An incentive system has been created for intergenerational transfer of forest holdings (gift tax deduction on forest holdings).
- Entrepreneur deductions in the Income Tax Act now also apply to forestry.
- Under an amendment to the Asset Transfer Tax Act, which entered into force on 1 January 2018, forest property can be transferred to a public limited company without paying asset transfer tax.
- Wood construction programme 2016–2018, new building decrees, January 2018.

- Projects on access to forest resource data and developing e-services will be completed in December 2018.
- Implementation of the National Forest Strategy 2025 will continue in 2018–2019.
- Any needs to modify the Forest Strategy will be assessed, December 2018.
- Wood construction will be promoted in line with the actions set out in the National Energy and Climate Strategy through guidance by information.

Key project 3:

Breakthrough to a circular economy and adoption of clean solutions

Minister of Housing, Energy and the Environment Kimmo Tiilikainen and Minister of Agriculture and Forestry Jari Leppä

The objective is to exploit the growing potential of the circular economy and clean solutions. Actions to promote a good ecological status of the Baltic Sea are taken in cooperation with domestic and international actors. The amounts of nutrients and organic material leaching to the waters will be reduced, while the nutrient and energy self-sufficiency of agriculture will be enhanced. Circular economy and cleantech business and exports will grow, and new jobs will be created.

Key project milestones:



17.8.2018

Achievements:

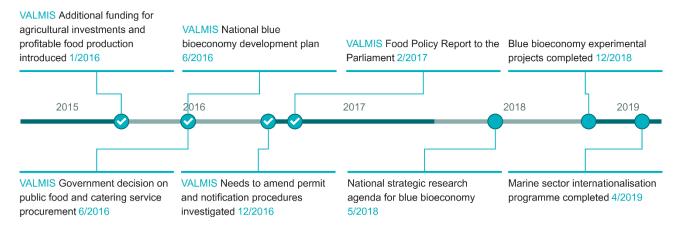
- An experimental programme of nutrient recycling and key projects on aquatic and marine environment management are under way. More manageable regulation on sewage treatment has been introduced for sparsely populated areas.
- New investments in bioeconomy. Five business ecosystems with international market
 potential have been put together as part of Business Finland's Business spearheads and
 ecosystems in the bioeconomy programme.
- A **national roadmap to circular economy** in September 2016 and an **action plan** that complements it in November 2017.
- An update of the national material efficiency programme was completed in January 2018.
- Competitive **techniques for reconditioning contaminated soil** have been tested and areas have been reconditioned.
- A government proposal on **restricting the municipality's responsibility for organising waste management** to housing wastes only.
- From Recycling to a Circular Economy National Waste Plan to 2023.
- A centre of excellence for sustainable and innovative procurement was established on 1 March 2018.

- Government proposal on creating a virtual marketplace for wastes and side streams, December 2018.
- The **Green Deal model** and impact investment will be piloted to promote public procurements.
- The **impact** of key project funding for **nutrient recycling and water protection** will be evaluated, December 2018.
- Preparation of an action plan for sustainable urban development, June 2018.
- Call for applications for circular economy development and investment support (EUR 2+2 million) from 1 March 2018.

Minister of Agriculture and Forestry Jari Leppä

The goal is to improve the profitability of agriculture and the solvency of farms. No new obligations that would cause costs will be laid down during the government term. The domestic use and export of our clean foods, fisheries resources and waters will be promoted.

Key project milestones:



17.8.2018

Achievements:

- Funding for farming investments can be safeguarded through EUR 90 million of additional funding to be transferred to the **Development Fund for Agriculture and Forestry**.
- A government decision on public **procurement of food and catering services** was adopted in June 2016.
- A **Government Report on Food Policy** was adopted in summer 2017.
- An action plan on the Food Policy Report was prepared and is being implemented.
- **Food exports** have been promoted through key project funding by opening new export markets for Finnish foodstuffs outside the EU.
- The administrative burden has been eased considerably during the current government term.
- A **National development plan for blue bioeconomy** and a Nordic Roadmap for Blue Bioeconomy have been completed. Fishing industry innovation programmes have been launched. Several significant investments to regenerate the fishing industry have been funded.

- Implementation of the farm income crisis package will be completed.
- A National Food Agency will be set up at the beginning of 2019. This agency will merge the Agency for Rural Affairs, the Finnish Food Safety Authority Evira and certain tasks of the National Land Survey of Finland's Centre for ICT Services.
- A government proposal for a Food Market Act will be drafted to improve the functioning of the food market.
- The Development plan for blue bioeconomy and the marine sector internationalisation programme contained in it will be implemented, April 2019.
- A National strategic research agenda for blue bioeconomy will be formulated in cooperation, May 2018.

•	As an experimental project of blue bioeconomy, a testing, learning and innovation environment for fish farming technologies will be built in connection with Natural Resources Institute Finland's Laukaa branch, December 2018.

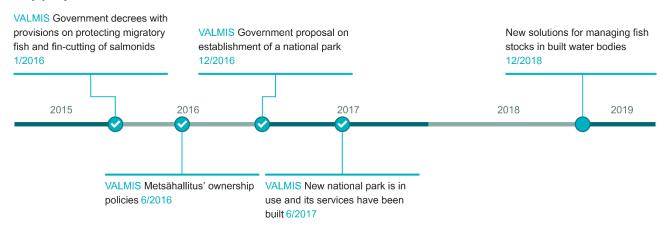
Key project 5:

Nature policy based on trust and fair means

Minister of Housing, Energy and the Environment Kimmo Tiilikainen and Minister of Agriculture and Forestry Jari Leppä

The objective is to safeguard the current level of nature protection and to improve the local acceptability of nature protection measures through transparent cooperation and participatory decision-making. National and international recreation and nature tourism will be increased.

Key project milestones:



Achievements: 17.8.2018

- Establishment of Hossa National Park as part of Finland's centenary celebrations. As a result of a campaign associated with the Finland 100 celebrations, 170 new private nature reserves totalling 3,064 hectares were established.
- Protection of forest biodiversity has been strengthened by **increasing the funding for the METSO programme** from 2018.
- Preconditions for nature tourism were improved by allocating additional funding to Metsähallitus for 2018–2019.
- A government decree containing new provisions on protecting migratory fish and the obligation to cut the fins of stocked salmonids was issued in January 2016.
- In commercial fishing, a new statutory **quota system** was introduced from the beginning of 2017.
- In **pilot areas** of Iijoki River, Montta on Oulujoki River, Kymijoki River, Mustionjoki River, Lieksanjoki River and Pielisjoki River, diverse actions were implemented on central government and business funding.

- The drafting of legislation on the compensation procedure for damage caused by species protected under the Nature Conservation Act and the prevention of such damage will begin in March 2018.
- The **fish passage of Raasakka** in lijoki River, the key project on **Saimaa freshwater salmon** and the innovative **Kalasydän pilot project** (Kala-sydän Oy) will be implemented. Salmon transplantation in Kemijoki River will be carried out more efficiently, and a restocking programme of salmon and sea trout will be launched.

5. DIGITALISATION, EXPERIMENTATION AND DEREGULATION

1n the year **2025**

Finland has made a productivity leap in public services and in the private sector by harnessing the potential offered by digitalisation, dismantling unnecessary regulation and cutting red tape. The flexible regeneration of Finnish society is supported by a management culture based on trust, interaction and experimenting.

GOVERNMENT-TERM OBJECTIVES FOR THE PRIORITY AREA

User-based, one-stop-shop digital public services that improve productivity and efficiency have been developed with the help of determined management.

Public decision-making is innovative and has created a favourable operating environment in Finland for digital services, Industrial Internet applications and new business models.

People's everyday lives, business operations, agriculture, investments, construction, healthy competition and voluntary activities have been markedly facilitated by deregulation, the reduction of the administrative burden and improvements to permit processes.

Bold steps have been taken to reform management and implementation by strengthening knowledge-based decision-making and openness and by making use of experiments and methods that encourage civic participation.

KEY PROJECTS

Digitalised public services



7 Growth environment for digital business operations



3 Streamlined legal provisions



A culture for experimenting



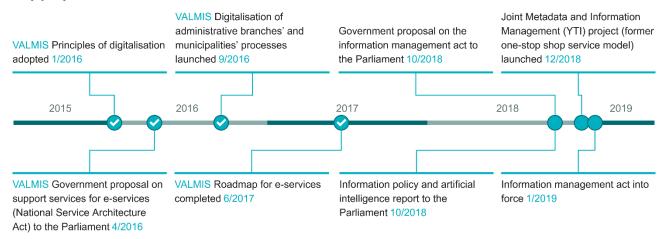
5 Better leadership and implementation



Minister of Local Government and Public Reforms Anu Vehviläinen

Public services will be designed to be user-responsive and primarily digital. This will be achieved by modernising practices. This is one of the crucial means for achieving a productivity leap in public administration. Digitalisation is a cross-cutting theme in the Government strategy. Principles for customer-oriented public services will be drawn up. The public sector as a whole will be encouraged to commit to automation and digitalisation of their practices.

Key project milestones:



Achievements:

• The **principles** of public service digitalisation have been adopted.

- A multiprofessional service design team, Digi team D9, has been established in the State Treasury.
- The National Service Architecture (KaPa) services are in use, and their use is expanding.
- Legislation on support services for e-service use has been passed in Parliament.
- Some 40 municipalities and two counties are participating in the **digital municipality experiment** as experimenters or sparring partners.
- The EUR 100 million appropriation reserved for this key project has been used to provide strategic funding for 16 significant digital projects, including the Income register and the digitalisation of procurements. Finland and Estonia have established a joint institute to develop the X-Road technology used by the service channel.
- An advisory body was set up to facilitate digitalisation in daily life ('Digi arkeen'), and a project titled AUTA was launched, which has made a proposal concerning digital support for citizens.
- A **roadmap for e-services** was prepared for the period 2017–2021. The roadmap, which was completed in June 2017, was widely approved.
- In autumn 2017, the **new Suomi.fi online service** was launched.

- The Government will issue a report on information policy and artificial intelligence to Parliament during its autumn session 2018.
- Government policies on the prioritisation of e-services (Government strategy session on artificial intelligence and information policy, January 2018) will be implemented.

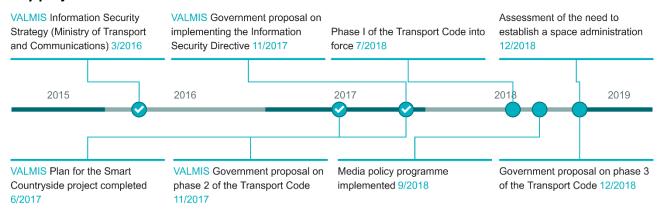
- A new **information management act** will be drafted. A government proposal is due to be adopted in autumn 2018, and the act is to enter into force on 1 January 2019.
- A new **model for steering** investments and coordinating central government digital projects will be piloted and introduced.
- In order to **develop productivity in central government** through robotics, analytics, artificial intelligence and other similar means, funding amounting to at maximum EUR 10 million will be allocated for this purpose in 2018.
- The creation of digital ecosystems will be accelerated by means of an ecosystem forum model. An operating model based on life events will be piloted.
- The digital municipality experiments will be completed and their results will be spread in the municipalities.
- The KIRA-digi reform, which accelerates digitalisation in the built environment and construction sector and an electronic real estate register reform will be completed.
- Virtual assistant Aurora will be conceptualised and piloted, and the preparation of an artificial intelligence package in public administration will be continued.

Growth environment for digital business operations

Minister of Transport and Communications Anne Berner

The objective is to create a favourable operating environment for digital services and new business models. In this key project, a regulatory and operating environment will be created that fosters innovation and new services. Big data and robotisation will be leveraged to create new businesses and practices. Information security will be ensured, and its potential as a competitive advantage will be exploited.

Key project milestones:



Achievements: 17.8.2018

- An Information Security Strategy has been adopted, and it is being implemented. Its measures
 include developing online and information security regulation at both the EU and national
 level. Legislation related to electronic authentication has been developed.
- The Act on Transport Services (phase one of the Transport Code project), which promotes
 digitalisation and opens the transport market, has been adopted, and its provisions on
 information entered into force on 1 January 2018. The provisions related to the opening of the
 transport market will enter into force on 1 July 2018. This act, which provides access to
 essential information on mobility services, will enable seamless transport service chains and
 new digital services for transport.
- Phase II of the Act on Transport Services was submitted to Parliament in autumn 2017. It
 contains further provisions on access to information while reforming the regulation on
 transport registers.
- A development plan to enhance digitalisation in logistics and the transport sector as well as in ports.
- Government resolutions on intelligent automation and robotisation have been adopted. The Ministry of Transport and Communications is implementing the Roadmap on transport automation for 2017–2019.
- Measures for using big data and My Data are being implemented in keeping with the government resolution.
- An extensive data map in the Ministry of Transport and Communications' administrative branch has been completed. It contains information about data sets, data types and delivery methods as well as legislative restrictions to data utilisation.
- An action plan on efficient use of **satellite navigation** in Finland for 2017–2020 has been completed.

- A **digital infrastructure strategy** will be prepared. This strategy will contain Finland's broadband objectives until 2025. The strategy will be technologically neutral, applying to both fixed and wireless broadband.
- Promotion of network competition and the issue of operating licences for certain 5G frequency bands.
- A **Smart Countryside project** will be implemented, which will promote new operating models relying on digitalisation, especially in rural areas.
- An **Oulu-Helsinki submarine cable** will be planned, and an implementation plan and funding proposal for the cable will be prepared.
- **Data economy** will be promoted as a resource for transport.
- A development plan will be formulated to enhance digitalisation in **logistics and the transport sector** as well as in ports.
- A media policy programme titled "Securing the diversity of media in Finland" will be prepared, which will contain a report and short-term actions to improve the operating preconditions of the Finnish media.
- The needs to establish a **space administration** will be assessed, in particular to promote small-scale satellite activities.

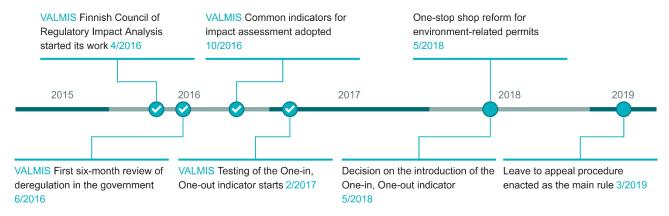
Key project 3:

Streamlined legal provisions

Minister of Transport and Communications Anne Berner

The objective is creating enabling regulation, promoting deregulation and reducing the administrative burden. The everyday lives of citizens will be made easier, competitiveness will be boosted, and market access and digitalisation will be promoted.

Key project milestones:



Achievements: 17.8.2018

• Implementation of the new openings of the mid-term review in February 2018:

- o The housing allowance system has been reformed.
- Statutes on building and zoning have been reformed.
- Use of industrial wastes has been promoted.
- The Enforcement Code has been reformed to remove incentive traps.
- The introduction of e-billing in the public administration has been speeded up.
- o The introduction of e-receipts has been promoted.
- Vocational education and training have been reformed.
- The alcohol legislation has been reformed.
- The Code for Information Society and Communications Services has been amended.
- Phase I of a bankruptcy legislation review has been completed.
- A leave to appeal procedure has been introduced in the field of environmental protection legislation.
- Residence permits for start-up entrepreneurs and foreign experts and the development of the residence permit system: the reform will enter into force on 1 April 2018.
- For information on the progress of other new openings, see the results on the website norminpurku.fi.
- The Finnish Council of Regulatory Impact Analysis was appointed for the term 15 April 2016—14 April 2019. The Council issued 12 statements in 2016 and 26 in 2017.
- The **one in, one out principle** was tested in the administrative branches of the Ministry of Agriculture and Forestry and the Ministry of Economic Affairs and Employment in the context of reforming the Working Hours Act and the overhaul of the Food Act in 2017.
- The service promise associated with permit and appeal processes has been endorsed in 2017.

Principal measures for the remaining government term:

In its spending limits discussion of spring 2018, the Government decided to launch the following new projects:

I. Renewal of practices and development of government

- Reform of development policy and development cooperation practices (Ministry for Foreign Affairs)
- Reform of the Act on the Redemption of Immoveable Property and Special Rights (Ministry of Justice)
- Reform of the public notices procedure (Ministry of Justice)
- Update of guidelines for drafting government proposals (national room for manoeuvre in the implementation of EU legal instruments) (Ministry of Justice)
- Setting up an internal security portal (Ministry of the Interior)
- Government bill on the Processing of Personal Data in the Defence Forces (Ministry of Defence)
- Automation of KEMERA decisions (funding for sustainable forestry) (Ministry of Agriculture and Forestry)
- Support for drainage of agricultural land (Ministry of Agriculture and Forestry)
- Developing the supervision of agricultural production (Ministry of Agriculture and Forestry)
- Permit system for aquaculture (Ministry of Agriculture and Forestry)
- Amendment to the legislation on the protection of building heritage (Ministry of the Environment)
- Intermunicipal cooperation on developing the municipalities' building regulations (Ministry of the Environment)
- Digitalisation of permit procedures under the Environmental Protection Act and the Water Act (Ministry of the Environment)
- Reform of the legislation on excise duty and car tax procedures (Ministry of Finance)
- Review of the statistics legislation (Ministry of Finance)
- Amendment to the Act on Discretionary Government Transfers (Ministry of Finance)
- Reform of legislation on personal files in administration (Ministry of Finance)
- Amendment to the Act on the Right to Transfer State Real Estate Assets (Ministry of Finance)
- Training compensation (Ministry of Finance)
- In addition: A decision will be made on the potential expansion of the one in, one out principle to two to four ministries once the Finnish Council of Regulatory Impact Analysis has issued its recommendation (all ministries).

II. Making citizens' everyday lives easier and promoting voluntary activities

- Cooperation between the day-care centre and homes (Ministry of Education and Culture)
- Removal of restrictions on the number of times Matriculation Examination tests may be repeated (Ministry of Education and Culture)
- Reception of applications to general upper secondary schools round the year (Ministry of Education and Culture)
- Mobile driving licences (the potential for national introduction to be investigated) (Ministry of Transport and Communications)
- Studying on unemployment benefit (Ministry of Economic Affairs and Employment)

- Non-money lotteries and guessing games (amendment to the Lotteries Act) (Ministry of the Interior)
- Gambling and grants from gambling profits (amendments to statutes) (Ministry of the Interior)
- Security stewards (introduction of notification procedure) (Ministry of the Interior)
- Notifications to the police (digitalisation) (Ministry of the Interior)
- Rescue plans for public events (amendment to statute) (Ministry of the Interior)
- Amendment to the Land Use of Building Act (consumers can select the heating system best suited for them) (Ministry of the Environment)
- Reform of legislation on social welfare work activities (Ministry of Social Affairs and Health)
- FIMEA/reform of the system for reporting and administrating adverse effects of medicines (Ministry of Social Affairs and Health)
- The programme to address child and family services (LAPE) will create a family centre operating model in all counties (Ministry of Social Affairs and Health)
- Home care for older people will be improved and informal care enhanced in all age groups (Ministry of Social Affairs and Health)

III. Promoting entrepreneurship

- Removal of the initial capital requirement (EUR 2,500) for limited companies (Ministry of Justice)
- Reducing the notification obligations of an individual in the role of a constructor (Section 15 of the Taxation Procedure Act) (Ministry of Finance)
- Providing access to public information in the Prepayment Register as open data (Ministry of Finance)
- Deduction of losses in ownership changes (Ministry of Finance)
- Dropping of oil damage duty and oil waste tax (Ministry of Finance)
- Relaxing the definition of an active farmer (Ministry of Agriculture and Forestry)
- Tagging and registration of animals (Ministry of Agriculture and Forestry)
- Reducing the requirements concerning the backing up of telecommunications networks and services imposed on radio operators (Ministry of Transport and Communications)
- Update of regulations on roadside advertising and the placement of wires and cables issued by the Finnish Transport Agency under the Highways Act (503/2006) (Ministry of Transport and Communications)
- National implementation of amendments to the Directive on passenger ship safety and certain other amendments (Ministry of Transport and Communications)
- Increase of audit thresholds (Ministry of Economic Affairs and Employment)
- Government bill amending the Mining Act (Ministry of Economic Affairs and Employment)
- The occupational safety and health authority (regional state administrative agencies) has extended its e-services for employers (Ministry of the Interior)
- Reform of legislation on the compensation system for damage caused by protected animals (Ministry of the Environment)
- Government decree on certain wastes no longer being deemed as waste (Ministry of the Interior)
- The Government will produce a report on how the current licence card practices can be simplified for self-regulation of industries

IV. Use of robotics and artificial intelligence in government

- Use of robotics and artificial intelligence in the Finnish Immigration Service's customer service (Ministry of the Interior)
- Other robotics and artificial intelligence projects to be developed as part of the Finnish Immigration Service's case management system (Ministry of the Interior)

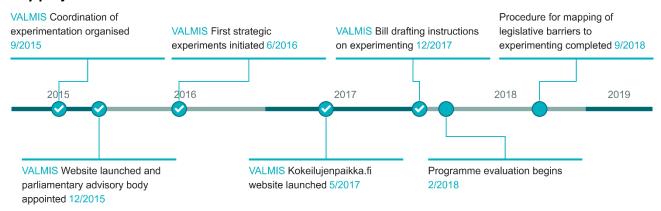
V. Promotion of higher education and science policy

- Simplifying the process of applying for research funding (Ministry of Education and Culture)
- Providing for more flexibility in regulation on educational responsibilities (Ministry of Education and Culture)
- Providing for more flexibility in regulation on degree-awarding education (Ministry of Education and Culture)
- Enabling continuous student admissions (Ministry of Education and Culture)

Minister of Local Government and Public Reforms Anu Vehviläinen

Experimentation will aim at innovative solutions, improvements in services, the promotion of individual initiative and entrepreneurship, and the strengthening of regional and local decision-making and cooperation.

Key project milestones:



17.8.2018

Achievements:

- To promote experimentation, an Experimental Team Finland has been set up in the Prime Minister's Office, and a parliamentary advisory board has been appointed.
- A number of broad-ranging strategic experiments are under way, including a basic income experiment, a freedom of choice experiment and a digital municipality experiment, and progress towards starting language-related experiments is being made.
- Kokeilunpaikka.fi platform has been launched.
- **Cooperation with Motiva** aiming to put the Kokeilunpaikka.fi platform on a permanent footing has been initiated.
- Small-scale experiments related to the circular economy theme have been implemented on micro-funding. Some of the experiments are being scaled up with the support of other funding instruments.
- An **Experimental Finland tour** was implemented in cooperation with universities of applied sciences in 2016–2017.
- A guide for experimentation has been prepared and will be published on the Finlex database.

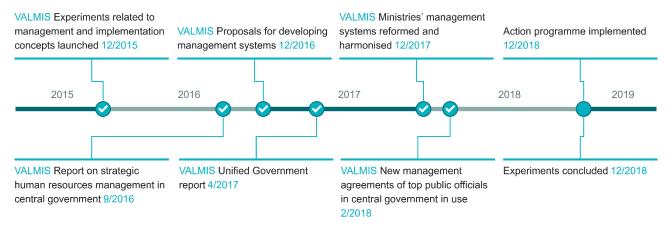
- Small-scale experiments related to artificial intelligence and employment will be launched.
- An operating model for investigating obstacles to experiments will be completed. A proposal
 on operating models for supporting the implementation of experiments in horizontal issues
 and those that are open to interpretation.

Better leadership and implementation

Minister of Local Government and Public Reforms Anu Vehviläinen

Government and central government management processes will be reconciled with the Government's strategy work. Knowledge-based management and implementation reaching across administrative branches will be strengthened.

Key project milestones:



17.8.2018

Achievements:

- The Government's development group (Tiitinen's group) completed its report in April 2017 (**Unified Government** created through cooperation and coherence).
- A report on central government HR management was completed in September 2016. On the
 basis of the information produced by Tiitinen's working group, a HR report produced by the
 State Treasury, and other key project measures (Ministerial working group for reforming
 operating practices/TOTA 11 December 2017) policies were formulated on how the key project
 should progress.
- To strengthen **strategic leadership**, a new post of Permanent Under-Secretary for Governance Policy was established in the Ministry of Finance, and the Public Governance Department has a new Human Resources Policy Unit, which has been operating since the beginning of 2018.
- The project group on developing the **ministries' management systems** completed its proposals in December 2016. HAUS Finnish Institute of Public Management has completed a joint management group training programme for the ministries.
- A leadership agreement model and procedures have been created for the top public officials in central government. A model on which the Permanent Secretaries' leadership discussions can be based has been created.
- Agencies have started implementing their service promises.
- The Work 2.0 project has prepared tools, practical models and best practices for renewing the manners of doing work and developing working environments in central government.

- Implementing the policies of the Ministerial working group for reforming operating practices
 on progressing with 12/17 key projects. An operating model in which the ministries are
 responsible for implementing strategic policies on HR issues in their administrative branches
 will be created. A new cross-administrative HR management group will be set up to support
 the Permanent Under-Secretary for Governance Policy.
- A group assessing the leadership skills and cross-administrative vision of **the top management** will be launched on an experimental basis in 2018.
- An analysis and reporting service of **management by information** will be launched in 2018.
- In order to improve the Government's capacity for acting, the preconditions and needs for developing harmonised government communications will be investigated during the government term.
- A provision under which it is the permanent secretary's duty to coordinate their ministry's
 work with other ministries was added to the Government rules of procedure. On Prime
 Minister's proposal, the Government's plenary session may additionally set up a project or
 appoint a body to prepare extensive cross-administrative issues. The authority to appoint
 working groups similar to committees, including parliamentary working groups, in issues of
 major significance for society was included in the plenary session's competence (Amendment
 to Government rules of procedure Article 3(21)).

6. REFORMS

GOVERNMENT-TERM OBJECTIVE

The Government will strengthen the sustainability of public finances through the structural reforms npresented below. These solutions aim to generate economic effects totalling at least EUR 4 billion. Before the legislative proposals are submitted and implemented, the effects sought through the reforms will be assessed.

at least EUR 4 billion impacts

REFORMS

1 Health and social services reform



Reduction of costs in municipalities, regions and across the entire public sector



3 Municipality of the future



Regional government reform



5 Central government reform



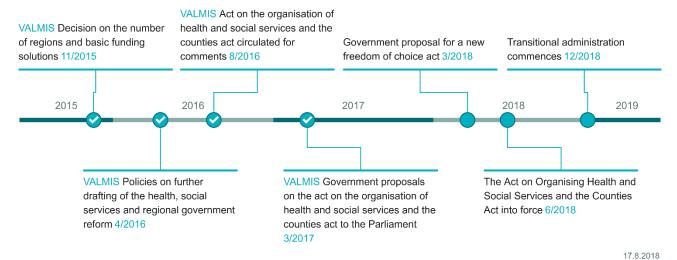
Reform 1:

Health and social services reform

Minister of Family Affairs and Social Services Annika Saarikko

The objective is to transfer the responsibility for organising public social welfare and healthcare services from local authorities to larger autonomous regions (counties). The reform comprises a horizontal and vertical integration of the services. The aim is to create seamless service chains for the provision of social welfare and healthcare services that play a key role for human well-being. The reform will narrow well-being and health gaps among the population and bring costs under control.

Key project milestones:



Achievements:

- A government proposal on the regional government and health and social services reform
 has been adopted. The government proposes that a counties act, an act on the organisation of
 social and healthcare services and a joint implementing act for these two acts be passed. The
 government proposal includes a proposal on an act on the financing of the counties as well as
 proposals on amending the legislation on local government financing, taxes, personnel of the
 municipalities and counties, and proposals on amending some acts on general administration.
- Preparations for national ICT service centres have been initiated. The provision of ICT services
 for the counties will be centralised to a national ICT service centre, or subjected to competitive
 bidding by a national joint procurement unit. ICT services can also be provided in cooperation
 between the counties, or between counties and municipalities.
- Government proposal for a freedom of choice act was issued in March 2018. The intention is that the Act would enter into force in stages in 2020–2022.

- In its spending limits discussion of 2018, the Government gave its commitment to securing sufficient funding for the regional government and health and social services reform and the smooth launch of the reform.
- The act on organising health and social services and the counties act are due to enter into force in June 2018.
- Responsibility for organising the services will be transferred to the counties in January 2020.

Reform 2:

Reduction of costs in municipalities, counties and across the entire public sector

Minister of Local Government and Public Reforms Anu Vehviläinen

The objective is to reduce the costs in municipalities, counties and across the entire public sector by a total of EUR 1 million.

Key project milestones:



Achievements: 17.8.2018

- An action plan on reducing the municipalities' tasks and obligations was completed.
- A **digital municipality experiment** was launched, and a report on its savings and productivity was completed.
- A report on the development and savings potential related to municipalities' building stock was completed in February 2018.
- The Government has updated and expanded this reform to cover all public finance activities. The reform extends until 2029. Further drafting will address the following themes:
 - Reducing municipalities' tasks and obligations (estimated potential for savings EUR 340 million)
 - An incentive system related to expenditure in municipalities' operational economy, digitalisation and facilities costs (EUR 300 million)
 - Development of digitalisation and improved productivity in central government activities and general productivity savings (EUR 250 million). The annual productivity target for the administrative branches of the Ministry of Defence, Ministry of Justice and Ministry of the Interior is 0.3% and for the other administrative branches 0.5%.
 - Continuation of the central government facilities programme (EUR 50 million)
 In total: EUR 940 million

- Government proposals on the incentive systems for the municipalities will be issued in autumn 2018.
- The adopted policies will be implemented as fast as possible. The Government will keep a close
 eye on the preparation of the measures. The following estimate will be produced in August
 2018.
- The **legislative amendments** on reducing the municipalities' tasks and obligations will enter into force at the latest in December 2018.

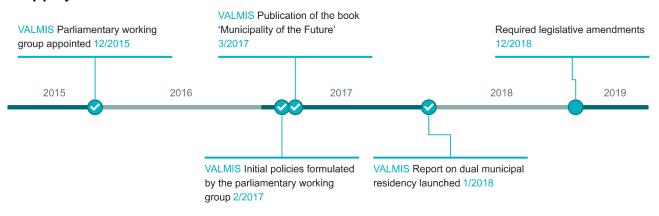
Reform 3:

Municipality of the future

Minister of Local Government and Public Reforms Anu Vehviläinen

The objective is to define the municipalities' role, status and tasks and their relationship with the counties to be established. The aims also include reforming the system of central government transfers for basic public services.

Key project milestones:



17.8.2018

Achievements:

- A parliamentary working group published a mid-term report on scenarios and visions for the municipality of the future for 2030 (February 2017).
- A book titled Tulevaisuuden kunta ('Municipality of the Future') produced in cooperation by the University of Tampere, the Association of Finnish Local and Regional Authorities and the Ministry of Finance was published in March 2017.
- A report on dual municipal residency was produced.

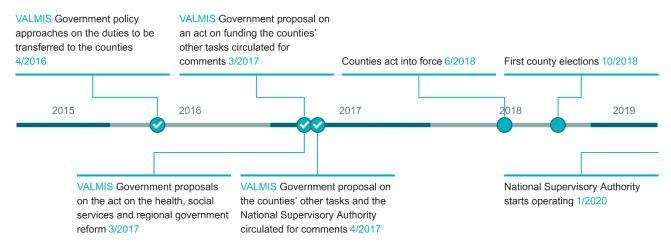
- The parliamentary working group will continue its efforts (evaluate feedback from actors in the field, produce a final report and identify needs to amend legislation).
- The required **legislative amendments** will be submitted to Parliament in 2018.

Regional government reform

Minister of Local Government and Public Reforms Anu Vehviläinen

The objective is that regional state administration and county administration will be coordinated and the organisation of public regional administration will be simplified (central government, regions and municipalities).

Key project milestones:



17.8.2018

Achievements:

- A government proposal on the regional government and health and social services reform was submitted to Parliament in March 2017.
- Government proposal for an act on funding the counties' other tasks was submitted to Parliament.
- Government proposal on the counties' other tasks and the National Licensing and Supervisory Authority was submitted to Parliament.
- Initial preparations for the counties are under way.

- In its spending limits discussion of 2018, the Government decided to increase its funding for the regional government and health and social services reform to secure the sufficiency of funding for the counties and a smooth launch of the reform.
- The Counties Act will enter into force in summer 2018.
- The **interim government** of the counties will start operating in summer 2018.
- The first **county elections** will take place in October 2018.
- County councils will start their work on 1 January 2019.
- Responsibility for organising the counties' tasks will be transferred to the counties on 1
 January 2020.
- The Government Agency for Permits and Supervision will start operating on 1 January 2020.

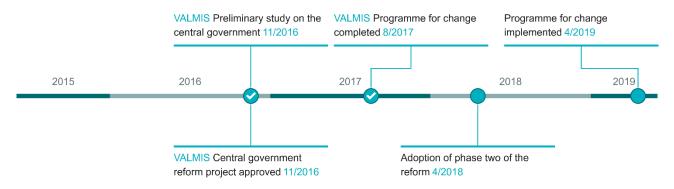
Reform 5:

Central government reform

Minister of Local Government and Public Reforms Anu Vehviläinen

The objective is to create a central government with a clear structure, steering and management systems, with a capability for change and risk management, and with customer-responsive, primarily electronic services. The big picture will be managed across administrative and sectoral boundaries. The focus will be on developing a functionally coherent Government and government practices as well as utilisation of cross-administrative entities and digitalisation, and the management and renewal of activities that this will enable.

Key project milestones:



17.8.2018

Achievements:

- Central government preliminary study November 2016
- Central government reorganisation project was approved in November 2016. The formulation of the programme for change was launched. The programme for change brings together development efforts, particularly in the context of the regional government and health and social services reform and key projects on digitalisation and leadership.

- The programme for change will be implemented in cross-administrative cooperation between ministries and agencies. Phase 2 of the programme for change will be launched in April 2018, and the reform will be implemented by the end of the government term.
- The reform will go ahead in close cooperation with the key projects on better leadership and execution, the digitalisation of public services and the regional government and health and social services reform. In this reform, particular attention will be focused on strengthening cross-administrative implementation.

7 LINCHPIN PROJECTS OF THE GOVERNMENT

Project 1: Government Report on Finnish Foreign and Security Policy

- Approved in June 2016.

Project 2: National programme implementing the global Agenda for Sustainable Development

- Government report on the global 2030 Agenda for Sustainable Development was approved in February 2017.

Project 3: Finland's Development Policy Programme, including common objectives with the global Agenda for Sustainable Development

- Government report: Finland's Development Policy Programme was adopted in February 2016.

Project 4: Defence Report

Approved in February 2017.

Project 5: Implementation of the Defence Forces' strategic capability projects

- Project on replacing the Navy's combat vessels: launched in 2015. The ships and the battle system will be procured separately. Investment decisions will be made in 2018.
- Project on replacing the capabilities of the Hornet fleet: launched in 2015, calls for tenders to be sent out in April 2018. Investment decision will be made during the following government term in 2021.

Project 6: Update of the Strategy for the Arctic Region

- Government policy on update priorities was adopted in September 2016. Action plan for strategy update was completed in March 2017.

Project 7: Cybersecurity safeguards citizens' everyday lives and fosters business growth

- The Government's analysis, assessment and research activities: the current status, goal state and measures for Finland's cybersecurity completed in February 2017.
- Action plan for implementing the Cybersecurity Strategy for 2017–2020 completed in April 2017.

Project 8: Legislative basis for cross-border intelligence and telecommunications intelligence

- Government proposal for civilian intelligence legislation was submitted to Parliament in January 2018.
- Government proposal for an act on military intelligence and certain associated acts was submitted in January 2018.

Project 9: Implementation of the reform programme on administration of justice, including the structural reform of district courts, the merger of the supreme courts, and the National Courts Administration

- An act on the district courts reform was passed in November 2017. The reform will come into force in January 2019.
- A project on the National Courts Administration was set up in January 2018. A Government proposal is to be submitted to Parliament in the spring session of 2018. The project will be completed in June 2020.

Project 10: Government Report on the Future

- First part of the report was adopted in June 2017. The second part will be completed in 2018.

Project 11: Government Report on Internal Security

- Approved in May 2016.

Appendix 1: New openings of the mid-term review

KNOWLEDGE, GROWTH AND EMPLOYMENT

1. Employment package measures taking effect directly or over longer term

Ministers Lindström and Lintilä

Of the key measures contained in the employment package that was updated in the Government's mid-term review, such actions as supporting the positive structural change, experiments in support of employment and targeting pay subsidies increasingly at companies and persons difficult to employ have been implemented. The personal liability period of the sickness allowance for entrepreneurs covered by the self-employed persons' insurance scheme has been shortened to one working day. An agreement has also been reached on fair rules for zero-hours contracts.

Measures yet to be implemented before the end of this government term include reforms related to the regional growth services and securing sufficient resources for labour policy. Additionally, changes are being drafted in the unemployment security penalty system that stress active jobseeking and promote the regional mobility of labour. The funding options for pay subsidies from the beginning of 2019 are also to be evaluated, with the objective of topping up the funding from unemployment benefit appropriations. The employment package was updated in the spending limits discussion of spring 2018 (see under Key projects on employment and competitiveness).

2. Update of the entrepreneurship package

Ministers Lindström and Lintilä

The entrepreneurship package contains a number of measures that remove barriers to enterprising and encourage entrepreneurship. Unemployed persons can now try enterprising activities for four months while retaining their unemployment benefit. Services supporting entrepreneurs who are becoming employers primarily support the skills as an employer and recruitment competence of sole traders recruiting their first employee. The piloting of this services will continue until 31 December 2018.

Rolling updates of the entrepreneurship package will be made. On 16 February 2018, the Ministry of Economic Affairs and Employment appointed rapporteurs to investigate the needs to strengthen and coordinate entrepreneurship policy and its different areas and to prepare a proposal for a strategic action plan on promoting entrepreneurship that extends to several government terms by 30 June 2018.

3. Momentum to companies' exports through the Business Finland reform

Ministers Lintilä and Virolainen

The Act on Business Finland entered into force and the new function became operational on 1 January 2018. Under the new Act, Tekes became Business Finland innovation funding agency and Finpro Oy became Business Finland Ltd. The new Business Finland improves the efficiency of public business services. There will be one operator providing companies with services in internationalisation, innovation funding, foreign investment and travel. One operator can better

consider the entire lifecycle of companies' regeneration, growth and internationalisation and remove overlapping activities. The goal is an unbroken chain of services from the development of products, services and business models to their introduction into the market. The reform has also targeted personnel resources at the customer interface and foreign operations.

4. Fast growth and employment through Tourism 4.0 project

Ministers Lintilä, Tiilikainen, Lindström and Grahn-Laasonen

Among other things, the Tourism 4.0 programme contains an increase in the appropriations of Visit Finland (part of Business Finland) and measures aiming to enhance the digital competence of tourism businesses and to promote year-round tourism. The preconditions for nature tourism will also be improved. The background studies of the programme were completed in late 2017, and project implementation was launched at the beginning of 2018.

5. Boosting the circular economy and introducing innovative public procurements Ministers Tiilikainen ja Lintilä

An Action Plan for a Circular Economy was published in October 2017. It sets out the concrete measures through which the Government and Sitra will promote the realisation of a circular economy. The three priorities of the Action Plan for a Circular Economy are platforms for experimenting with and testing the circular economy, sustainable and innovative public procurement, and support for new product and service innovations. Action plan implementation is under way, and a network-based centre of excellence for sustainable and innovative public procurement (KEINO) was launched on 1 March 2018.

6. Talent Boost action plan seeks growth through international talents

Ministers Lintilä, Lindström, Grahn-Laasonen, Virolainen

In its mid-term review, the Government decided to initiate a Talent Boost programme to coordinate industrial, innovation, employment, education and immigration policy as a whole with the aim of supporting growth. The action plan was adopted by the ministerial sub-group on competitiveness on 24 January 2018. The purpose of the action plan is to attract international talents by more effective country branding and targeted programmes and recruitment events as well as to promote meetings between international talents and companies.

Action plan preparation will be coordinated with the preparation of the Government's Migration Policy Programme, the Ministry of Education and Culture's policies on promoting internationality in higher education and research as well as the Research and Innovation Council's vision and roadmap.

7. Review of subsidies to economic development

Minister Lintilä

A parliamentary working group that considered the renewal of business subsidies completed its final report on 5 April 2018. The working group analysed the Finnish business subsidy scheme and reached an agreement on criteria on which the subsidies can be evaluated. The working group also proposes that an economic impact assessment of business subsidies should be carried out, and that long-term dialogue with the stakeholders should be developed.

8. Growth potential through a reform of research and innovation

Ministers Lintilä and Grahn-Laasonen

The aim of the Academy of Finland's flagship programme is to strengthen high-level research and impact clusters that will further contribute to increasing the quality and impact of Finnish research. A flagship is an effective mix of cutting-edge research, impact in support of economic growth or society, close connections to the business sector and society at large, adaptability, and a strong commitment from host organisations. Flagships are high-quality, high-impact competence clusters that work in flexible ways, simultaneously running several projects and other activities. During the flagship term, the clusters will make significant progress while systematically improving and expanding their activities.

Calls for applications related to the flagship programme will be funded by EUR 25 million in 2018 and EUR 25 million in 2019. The funding may be applied for by universities or government research institutes, or by consortia formed by such organisations. The flagships to be funded will be selected based on both scientific excellence and major impact, and the funding will be granted for eight years. The host organisations of the flagships must be prepared to make a significant, steadily increasing investment in supporting the flagships during the funding period. In addition, flagships are required to have secured a significant amount of national and international research funding subject to competition; their activities can also be supported by funds received from companies, the public sector or non-profit organisations.

Business Finland will launch the implementation of the Drivers of growth model in 2018. Drivers of growth are a new operating model for the development of company-driven business ecosystems. The aim is to create business ecosystems worth billions of euro in Finland that will develop solutions for global market upheavals. The operating model is based on implementing a vision prepared in collaboration by companies and other key actors (higher education institutions, research institutes, ministries, cities etc.). The drivers of growth will also add to Finland's attraction for future talents and foreign investments. It is envisaged that 5 to 10 drivers of growth could be launched.

The drivers of growth will be supported by both grant and loan funding from Business Finland and by repayable capital financing granted by the Government in connection with its mid-term review. A total of EUR 60 million was granted for capital injections in the drivers of growth for 2018–2019. The subordinated loan financing is to be used as start-up support subject to an application procedure or through a competitive tendering procedure for public procurements. The start-up support will ensure that promising ideas can be brought up to a standard where they attract the interest of private funding.

9. A boost for the creative economy

Ministers Terho, Lintilä, Mattila

In its mid-term review, the Government decided to include the creative sectors in the entrepreneurship and employment packages and the support forms for growth and internationalisation contained in them, implementing the proposals of the working group on Creative economy and intangible values. The objective is to improve the operating preconditions of

the creative sectors, to encourage cooperation and networking, and to strengthen the competitiveness of other sectors.

As part of the launch of Business Finland, the management group for the creative sectors in Tekes and Finpro is preparing a growth programme focusing on the creative sectors and the creation of intangible value. Tapping on creative competence is also to be defined as a horizontal theme linking Business Finland growth programmes.

In 2017, the Ministry of Education and Culture started a development project concerning mediators in the visual arts sector. The main theme of central government grants for development and experimentation projects in 2018 was creative work and production. As part of these projects, EUR 760,000 was earmarked for project grants to creative work and production with the aim of supporting mediator activities.

Teosto, the Ministry of Finance and the Finnish Tax Administration have examined the preconditions on which copyrights can be transferred to the artist's or author's company and the tax consequences of such transfers. The goal is that the new guidelines on transfers of copyrights can be introduced in early 2018.

10. Reform to increase the attraction of general upper secondary education

Minister Grahn-Laasonen

The objective of the general upper secondary school reform is to increase the attraction of these schools as a form of education that imparts general knowledge and skills as well as eligibility and capabilities for further studies. A government proposal for a new Act on General Upper Secondary Education was submitted to Parliament in April 2018.

11. Artificial intelligence programme

Minister Lintilä

The working group on artificial intelligence (AI) presented its first interim report (October 2017) containing eight keys to taking Finland to the age of artificial intelligence. The report provides background information on Finland's strengths and weaknesses in making use of AI. The report also proposes measures regarding areas where it would be good to invest in in the future. Recommendations for measures concerning the impacts of AI on future work and its knock-on effects on society will be published in August 2018. The mandate of the AI steering group ends at the end of the current government term. The final report will be completed in April 2019.

At its strategy session focusing on AI at the end of January, the Government decided to prepare a report on artificial intelligence and information policy. The aim of the Government is that Finland will become a leader in the application of artificial intelligence and in information policy. The themes of the report to be submitted to Parliament in autumn 2018 include the following: defining information policy; making extensive use of AI; AI competence needs; and the platform and data economy. The working title of the report is 'Ethical information policy in the age of artificial intelligence'.

12. Action plan for sustainable urban development

Minister Tiilikainen

The objective of the national action plan for sustainable urban development is to promote integrating urban development. The main emphasis of the action plan will be on environmentally and socially sustainable solutions and strengthening industrial activity relying on them. The programme will have a time span of some 5 years, and it will be implemented on a rolling basis. A current state analysis was completed in February 2018, followed by preparation of action plan concepts. The first pilots will begin in June 2018.

13. Non-EU/ETA labour force

Minister Mykkänen

The aim is to make it easier for entrepreneurs and experts to move to Finland and thereby to promote economic growth and employment. This change is part of a larger whole whereby the Government is facilitating the immigration and entrepreneurship of talents. The aim is to make it possible for growth entrepreneurs to get a residence permit as soon as possible. While the residence permits would be issued by the Finnish Immigration Service, the applicant would have to obtain a commercial assessment from Tekes – the Finnish Funding Agency for Innovation before applying. The government proposal was submitted in autumn 2017, and the act entered into force on 1 April 2018.

CARING

14. Reducing the number of excluded young people (NEETs)

Ministers Grahn-Laasonen, Lindström, Saarikko, Mattila

The Government has launched 19 measures to promote the wellbeing of children and young people, prevent exclusion and reduce the number of NEET youth. These measures ensure timely and needsbased support, responding to the different needs of children, young people and families. The measures were launched in May 2017, and they will be completed in December 2018.

15. Children, youth and families

Ministers Grahn-Laasonen and Saarikko

A report on the interfaces between local and regional service providers and services was completed in early 2018. The Government will initiate the preparation of a national strategy on children.

Development projects that cross the boundaries of services for children and families, social welfare and health care services and education services are under way in all counties. The creation of tools and guidelines for the operating model of a child friendly municipality and county is also in progress, including a budgeting model for monitoring expenditure on children in health care, social welfare and education services as well as a process description and guidelines for assessing impacts on children. The development measures will be completed in December 2018.

16. A basic income experiment to combat incentive traps

Minister Mattila

The basic income experiment launched in 2017 aims to find out whether it would be possible to reform the social security system so that it would respond better to changes in working life; to overhaul social security to encourage participation and employment; to reduce bureaucracy; and to simplify the complicated benefit system. A separate report will be produced on taxation by December 2018, at which time the entire basic income experiment will come to an end.

17. Experiment on inclusive social security

Minister Mattila

An experiment on inclusive social security was launched at the beginning of 2018. In this experiment, a new service package will be created for social work with adults, in which social workers will be given more tools for supporting those who have been unemployed for long periods. The idea is to investigate gaps in the current service system which exacerbate the risk of social exclusion. The results will be examined and analysed in spring 2019.

18. Halting the advancing inequality

Prime Minister and the remainder of the Government

In early 2017, Prime Minister Juha Sipilä appointed a working group to explore new practices and means to halt persistent social segregation. Proposals for measures were submitted to the Government in November 2017 and the final report to Prime Minister in March 2018.

19. Social security reform

A project on the overhaul of basic security and activity (TOIMI) was set up in September 2017. Its objective is to support the actors in the run-up to the parliamentary elections of 2019. A parliamentary monitoring group was appointed, and it met for the first time in November. Based on a mapping of the knowledge base and analyses, models and alternatives for the overhaul will be prepared, which will be subjected to a broad-based debate in the monitoring group and on a public website. A report on the created alternatives and reports will be produced in February 2019.

RENEWAL

20. A billion of savings through public finances reform (see also the relevant key project)

Minister Vehviläinen

The Government Programme set the target of reducing the tasks and obligations of municipalities by EUR one billion by 2029. The Government has updated and extended this reform to cover all public finance activities. The reform extends until 2029. Further drafting will address the following themes:

- Reducing municipalities' tasks and obligations (estimated potential for savings EUR 340 million)
- An incentive system related to expenditure in municipalities' operational economy, digitalisation and facilities costs (EUR 300 million)

- Development of digitalisation and improved productivity in central government activities and general productivity savings (EUR 250 million). The annual productivity target for the administrative branches of the Ministry of Defence, Ministry of Justice and Ministry of the Interior is 0.3% and for the other administrative branches 0.5%.
- Continuation of the central government facilities programme (EUR 50 million)
 In total EUR 940 million.

The Government will keep a close eye on the preparation of the measures. The following estimate will be produced in August 2018.

21. SoteDigi development company to create information systems for client and patient data

Ministers Vehviläinen ja Saarikko

SoteDigi Oy was established in autumn 2017 to develop national client and patient information system solutions and other new digital solutions for social welfare and health care. On 28 November 2017, the Cabinet Committee on Economic Policy approved the policies on SoteDigi development company's rules of procedure. The rules of procedure issued to SoteDigi Oy's Board of Directors sets out the company's key operative and financial targets and principles as well as the first duties of the Board. The company is to set up a customer advisory board and launch its activities in early 2018. The purpose of the customer advisory board is to contribute to ensuring the counties' participation and commitment to joint development projects.

The most important and primary national development project in the early stages is implementing an integration platform to give the counties access to information integration as extensively as possible. The preparation of digital harmonisation policy for the counties associated with SoteDigi Oy's operation and its steering has also been begun. The goal is to present this resolution containing the principles and practices of the Government's joint digital steering activities to the Government in spring 2018.

22. Towards a carbon-neutral Finland

Ministers Berner, Lintilä, Tiilikainen

In its budget proposal for 2018, the Government allocated EUR 16 million to promoting lowemission transport as part of implementing the Energy and Climate Strategy. Growth in lowemission passenger vehicles will be promoted through an annual allocation of EUR 6 million to support the acquisition of vehicles that operate solely on electricity and gas and flexifuel vehicle conversions. A sum of 4 million euros per year will be allocated to subsidise the construction of a charging and distribution network as well as the electrification of urban logistics equally in all regions. Public passenger transport in urban regions will be supported with an allocation of EUR 4 million annually. The support will be targeted particularly at digitalisation and electrification of public transport systems. Additionally, an increase in contractual transport and transport subject to the public service obligation will be subsidised with a sum of 2 million euros per year. Investments in new energy technology will be expedited with a supplementary budget authority of EUR 20 million. Funds allocated to renewable energy can be used to expedite solar power, energy efficiency and biogas projects in transport. An additional EUR 2 million will be allocated to climate-friendly wood construction with a view to making wood construction an easy and appealing alternative. Climate efforts by companies, local authorities and citizens will be expedited with advisory services and controls by means of extra funding amounting to EUR 2 million.

23. A new operating model to drive digitalisation (Ecosystem forum)

Minister Vehviläinen

The new Ecosystem forum operating model has been implemented since summer 2017 in order to speed up the development of digital ecosystems serving the citizens' and companies' needs. Between August 2017 and March 2018, six co-creation workshops have been organised to find solutions (including utilisation of wellbeing data, smart city, National Growth Programme for the Transport Sector and information policy), which have speeded up the development of 'winning' digital ecosystems and supported such efforts as the preparation of information policy.

Led by the Prime Minister's Office's Ecosystem forum, attempts are being made to develop new practices for formulating policies, preparing decisions and improving the efficiency of implementation across sectoral and administrative boundaries. This also includes phenomenon-based coordination of the current Government's digitalisation policy as a whole.

24. Strengthening the steering of government digital projects

Ministers Vehviläinen and Orpo

The coordination and steering system of the Government's digital projects will be upgraded to lend effective support for the cross-administrative and customer-responsive approach. On 4 April 2017, the Cabinet Committee on Economic Policy adopted policies on better management of investments and ensuring that the expected benefits are realised. The preparation of measures in line with the policies began in May 2017. All measures are to be operational during the current government term.

25. Experiments related to the circular economy, artificial intelligence and employment Minister Vehviläinen

Kokeilunpaikka.fi web service was introduced in May 2017. The first calls for applications for small-scale experiments related to the circular economy theme have been completed using this platform, and its use is increasing constantly. The circular economy experiments have attracted positive attention, and some have been selected for scaling and more extensive utilisation in Sitra's Smart everyday living programme. In 2018, lessons learned through the circular economy experiments will be collected, and artificial intelligence and employment experiments will be carried out.

26. Quality and cost-effectiveness in public sector construction

Ministers Vehviläinen, Berner and Tiilikainen

The Government was to evaluate the suitability of the following recommendations made by rapporteur Virtanen in 2017:

1. A maximum limit of central government funding will always be set for building projects cofunded by the government, both in Euro amounts and as a percentage.

- 2. The alliance model would mainly be used in demanding building projects pursued by the Government.
- 3. With the assistance of Senate Properties, the alliance life cycle model will be developed strongly, and its use in public building projects will be promoted.
- 4. In particular, indoor air quality problems in public buildings will be addressed.

Drafting related to the last recommendation has started. The Healthy facilities 2028 action plan seeks solutions for intervening in major indoor air problems in public buildings to which many people are exposed on a daily basis.

The action plan is to be presented to the Government as a government resolution in spring 2018. The programme period covers the years 2018–2028. The goal is to mainstream an operating model where the condition of public buildings is inspected regularly, taking into account user experiences, the municipality's real estate strategy and service network analyses, and the required action is taken to solve the problems associated with a building and to secure the service network.

Recommendation 2 of rapporteur Erkki Virtanen is relevant to measures for improving procurement-related competence.

SECURITY

27. Building shared situational awareness

A plan for a shared situational awareness model has been completed. The model will be introduced to the steering group, and its implementation will begin in 2018. Led by the Government Situation Centre, the notification procedures for security incidents in different administrative branches will be harmonised.

28. Clarifying the powers required to maintain internal security

Minister Mykkänen

Government proposal on civilian intelligence legislation was submitted to Parliament in January 2018. The Ministry of the Interior is working on an amendment to the Nationality Act regarding persons with dual nationality who perpetrate terrorist offences. A Migration Policy Programme was published in January 2018. Legislation on the Border Guard will enter into force in December 2018.

29. Clarifying the powers required by military national defence

Minister Niinistö

The legislation on Finland's preparedness to provide and receive international assistance entered into force in July 2017. Amendments to the Territorial Surveillance Act entered into force in July 2017. A report on the arrangements for voluntary national defence was completed in December 2017. An act containing provisions on resigning from Defence Forces posts entered into force in January 2018. Government bill on military intelligence was submitted to Parliament in January 2018. Government bill on the processing of personal data by the Defence Forces and certain associated acts was submitted to Parliament in March 2018. A Prime Minister's Office working group will complete its work on controlling land areas and properties in May 2018.

30. Improving capabilities for maintaining internal security

Ministers Mykkänen, Soini, Lindström, Berner

The minimum qualification level of Emergency Response Centre personnel has been specified, and the numbers of officers to be trained will be increased in 2018. The work input of 80 Border Guards will be allocated to surveillance on the eastern border by the end of 2018. The National Bureau of Investigation's Cybercrime Centre will be reinforced by 21 person-years. Investments have been made in the fleet and equipment of the Police, as well as in improving the operative performance and capabilities for combating cybercrime. EUR 5 million will be invested in performance for combating terrorism.

31. Improving capabilities for military national defence

Minister Niinistö

In the General Government Fiscal Plan of 2017, an additional annual appropriation of EUR 50 million was allocated to improving preparedness from 2018. Additional appropriations of EUR 2 million were also allocated to the recruitment of contractual military personnel in 2018 and 2019.

