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**FINLAND'S NATIONAL ACTION PLAN
FOR EMPLOYMENT
2003**

**In accordance with
the EU's Employment Guidelines**

FINLAND'S NATIONAL ACTION PLAN FOR EMPLOYMENT 2003

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FOREWORD

The Thessaloniki European Council in June 2003 adopted a reformed European Employment Strategy (EES). The EES has been revised on the basis of experiences gained over its first five years of implementation and extensive evaluation work. Under the new EES, the Member States undertake to promote full employment, improve the quality of working life, boost productivity and support social cohesion in compliance with the common Employment Guidelines and Council Recommendations for individual Member States. The reform is a response to the key challenges facing the European labour market.

The new version contains fewer Guidelines than before, and they focus more distinctly on pivotal labour market needs. The principle behind the reform was that Guidelines should have tangible aims and describe attainable results, while Member States are themselves responsible for choosing the measures to be used. The reform also strives to make it easier to compare employment policy in the different Member States by making the European strategy clear and consistent and by continuously developing monitoring indicators.

The National Action Plan for Employment (NAP) is the response of the Finnish Government to the 2003 Employment Guidelines and the Council Recommendations to Finland. It outlines the main challenges on the Finnish labour market and the policies being adopted by the Government in response to them. The emphasis is on medium and long-term policies. The NAP comprises the aims and actions of the Programme — “Employment, entrepreneurship and common solidarity: the keys to an economic rebound” — of Matti Vanhanen’s Government, appointed on June 24, 2003, and the initiatives of the labour market organizations relating to implementation of the European Employment Strategy. The Government gives its aims tangible form each year in a document on strategy, and began implementing its Programme in its 2004 State budget bill to Parliament. In 2004 and 2005, the NAP will report on the implementation and results of employment policy.

According to the Government Programme, the Finnish welfare society of the 21st century emphasizes competence and skills, encourages work and entrepreneurship, and is socially just and regionally balanced. The Government’s main goal is to develop the welfare society by increasing employment and reducing unemployment, by improving basic welfare services and income security, and by ensuring more balanced regional development. Prevention of social exclusion and poverty will be conditional upon meeting the goals set for employment. The Government has set ambitious national employment targets which support the conclusions on common European targets of the Lisbon and Stockholm European Councils. Success in achieving our employment goals will require not only an active employment policy and creation of more favourable preconditions for entrepreneurial activities, but also continuing and enhanced collaboration based on agreement, especially between the social partners and trade unions.

The Government’s policy is based on the economic, social and ecological dimensions of sustainable development. This calls for balanced coordination of production, economic growth, environmental factors and equality.

The NAP has been prepared in close cooperation between the Government, the labour market organizations and other organizations. Representatives of the regional Employment and Economic Development Centres (TE Centres) participated in the preparatory work. Finland’s National Action Plan for Employment has been approved by the Cabinet European Union Committee. The focal points of the action plan have been presented to the Employment and Equality Committee of the Parliament and the Government will send the final action plan to the Parliament for consideration.

Helsinki, October 15, 2003

Tarja Filatov, Minister of Labour

SUMMARY

1. The main economic policy goal of Prime Minister Matti Vanhanen's Government is to raise employment by 100,000 by the end of the electoral period 2003-2007. Strong growth in employment is essential if a 75 per cent employment rate is to be achieved by the end of the following period, which will end in 2011. The Government's aim is to reduce unemployment and raise employment in all regions of Finland.

The employment targets can only be achieved if economic growth is strong and the structure of growth is conducive to employment. The main challenge is to reduce the present high structural unemployment. At the same time, ways must be found of boosting the labour supply by encouraging young people to enter the labour market earlier, supporting ageing workers in staying on at work longer, and preparing to accept more immigration of foreign labour. Improved employment must be based on economic competitiveness and a high level of skills. The Government aims to improve economic growth potential and reinforce economic structures by increasing the attractiveness of entrepreneurship, incentives to work and skills. In addition, measures will be needed which promote job-creation in sectors with lower educational demands. The aim is to boost employment in all relevant policy sectors.

2. Long-term unemployment has fallen more rapidly than total unemployment. Nonetheless, the number of long-term and recurrently unemployed is still high. Labour market and education policy will be developed in an effort to combat youth unemployment and prevent and combat long-term unemployment. The main measures are to improve skills, boost jobsearching activity, and offer the long-term unemployed extra support in life management. The employment services will be reformed through the founding of new 'labour force service centres' to cater for unemployed people with particular difficulties in finding work. Over the next few years, the activation rate will be raised to 30%, while also improving the quality and effectiveness of active programmes. Labour market support will be increasingly used as an active form of support which improves jobseekers' employability.
3. As of the late 1990s, there has been much more activity in founding new companies in Finland than before. Increasing employment will require more efforts to encourage this trend and to boost the growth and competitiveness of existing companies. The main aim of the entrepreneurship policy programme is to ensure that the operating environment of companies develops in a stable manner which can be predicted also over the longer term. The focus areas of the programme are: 1) entrepreneurial education and business advisory services, 2) new companies, growth and internationalization, 3) taxes and fees with an impact on entrepreneurship, 4) regional entrepreneurship and 5) business legislation and market functioning.
4. The Government and the labour market organizations are working together on a long-term basis to improve the quality of working life and the productivity of work. If the Government's employment targets are to be met, the workforce participation rate must rise and people must stay on at work longer. This means that job satisfaction and the general attractiveness of work must be increased. Wellbeing at work and working conditions can be improved by raising the quality of working life, while also reducing accidents at work, occupational diseases and sick leaves. These measures will also raise the productivity of work. Job satisfaction ultimately derives from securing the rights of employees and employers and their basic security, and practical arrangements which support wellbeing at work. For this reason, constant development of the employment legislation will continue, along with the various workplace development programmes.
5. One of the main aims of employment policy is to secure a supply of skilled labour. Labour demand focuses on people with solid vocational skills. The education level of young people in Finland is high: at the end of 2000, 84% of 22 year olds had completed a post-comprehensive qualification. Adult education and training is also popular. As the labour supply decreases, vocational education and training will have to be intensified further, along with opportunities for lifelong learning. The Government aims to speed up the transition from basic education to higher education, and from studies to work. In

addition, it is the aim to offer training, a traineeship or a workshop job to every unemployed person under 25 after three months of unemployment at the latest. Adult vocational training will be increased and training will be developed to ensure that it corresponds to workplace needs.

6. The changing demographic structure of the working-age population is creating a new labour market situation in which the age groups retiring from the labour market are larger than the new generations replacing them. If the Government's employment targets are to be reached, labour supply must be increased in the long term. The aim here is to raise the workforce participation rate in all age groups, and to ensure that by 2010, people stay on at work 2-3 years longer than at present. Labour supply will be increased through a reform to be introduced in 2005 which will provide the incentive to continue to work for longer than at present. Preparations are being made for a possible increase in the immigration of foreign labour through an immigration policy programme that will be ready in spring 2005. Working life, adult education and social protection are all being developed to create incentives that will encourage people to work for longer.
7. The employment rate among women is high in Finland, and has even risen during the recent economic slowdown. There is still clear gender segregation in occupations and labour market sectors, and there have been no changes worth noting in the gender pay gap for the labour market as a whole. The social partners are implementing measures to alleviate gender segregation, promote equal pay and improve the coordination of family life and work. The Government is setting up a national action programme for equality for the period 2004-2007. The social partners are to draw up a programme on equal pay and equality in the workplace, designed to eliminate unjustifiable pay gaps.
8. Immigrants and people with disabilities are among those in the weakest labour market position. Prevention of labour market exclusion is an essential step towards attaining the employment targets. The standing of social enterprises will be consolidated and they will be supported in expanding their operations. The option of introducing a long-term or permanent employment subsidy payable to the employer, based on the reduction in work ability of an individual disabled person, is also being explored. Those suffering from a permanent loss of work ability will be directed to the relevant support systems, e.g. disability pension. Good ethnic relations will be promoted through measures such as a coming legislative bill on the prevention of discrimination in society and the workplace.
9. The key goals in the Government's tax policy are to make it profitable to accept work and to employ people. During its period of office, the Government will cut taxes on work by at least EUR 1.12 billion. If earlier decisions on tax cuts are included, taxation will be reduced by a total of EUR 792 million in 2003. The feasibility of further tax cuts will be re-evaluated halfway through the Government's term. The tax cuts focus on the income taxation of low and mid-income brackets. In addition, the Government proposes that value-added tax should be altered to favour the growth potential of small enterprises. The Government will make it more worthwhile to accept work and employ people, especially in low-productivity sectors. Tax support for low-income sectors is to be introduced in the 2005 budget. The 'tax wedge' on work has decreased by 5.5 percentage points since the mid-1990s.
10. Regional differences in output and employment growth became less pronounced during the economic slowdown in 2001-2003. The slowdown did not cause a drop in employment or increase unemployment equally in all areas. In fact, unemployment actually fell over large parts of the country. Unemployment grew slightly in major urban areas such as Helsinki, Tampere and Oulu. The Government pursues a policy aimed at regional equilibrium, with the aim of balancing internal migration and demographic structures and securing good service structures throughout Finland. The main tools for safeguarding regional competitiveness and skills, and reinforcing the strengths of each region, are to develop regional centres to boost the effectiveness of skills and innovation policy and promote regional cooperation. The Government's aim is to increase employment and reduce unemployment throughout Finland.

1. CONTEXT AND GENERAL AIMS OF THE NATIONAL EMPLOYMENT POLICY

1.1 Reinforcing economic growth and employment

The main economic policy goal of Prime Minister Matti Vanhanen's Government is to raise employment by at least 100,000 by the end of the 2003-2007 electoral period. Strong growth in employment is essential if a 75 per cent employment rate is to be achieved by the end of the following period, which will end in 2011. It is important to achieve the employment targets set in order to secure the funding base for welfare services and income transfers.

The employment targets can only be achieved if economic growth is strong and the structure of growth is conducive to employment. Economic growth must be brought back to a sustainable growth trend that will bring the employment targets within reach. The current economic slowdown means that the growth prospects for the world economy look uncertain. Unemployment remains high, and it has proved harder than anticipated to reduce structural unemployment. Over the coming years, the age structure of the population will change and the baby-boom generation will retire from the labour market, causing a drop in labour supply and even labour shortages. It is essential to respond to the challenge of structural unemployment, not just to ensure the functioning of the economy and the labour market, but to prevent exclusion. At the same time, ways must be found of boosting the labour supply and attaining a better matching between workforce skills and changing workplace needs.

Finland's particular strengths are a competitive economy and a high level of expertise, and this is what employment policy will use to build on. The Government will endeavour to reinforce economic growth potential and economic structures by making entrepreneurship more attractive, by providing incentives for work and by boosting competence. In order to create a favourable employment trend, measures are needed which boost job creation, both in sectors which require little training and in terms of inspiring people to improve their qualifications and acquire new skills. Rapid technological advances and changes in the economy at large require a stronger emphasis on lifelong learning and various types of training at different stages of people's working careers than before.

Government measures in support of economic growth and to reduce unemployment are based on reinforcing competence, entrepreneurship and other growth factors. As the competence of the workforce is improved, job-creation potential should also be improved, including jobs for people with a low education level and no special skills. Regional disparities in employment and unemployment rates will be reduced. Solutions to promote the coordination of family life and work will also be needed if the employment rate is to be raised. The aim is to improve the employment trend in all sectors of social policy. Tools in support of this aim include:

- education and training policy
- investments in research and development and other growth factors
- tax policy
- support for moderate pay solutions
- reforms in working life, labour market policy and the social welfare and pension systems
- a balanced regional policy.

The Ministry of Labour is preparing a labour policy strategy for 2003-2010. This will translate the aims and measures of the Government Programme into five guidelines:

1. Reducing structural unemployment and preventing exclusion
2. Securing a supply of skilled labour
3. Improving the productivity of work in a qualitatively sustainable manner

4. Creating the conditions for active, work-based immigration
5. Boosting entrepreneurship and self-employment.

The Government will boost economic growth and employment through new intersectoral policy programmes, specifically the employment policy programme and the entrepreneurship policy programme. The policy programmes will ensure that the resources available for the sectors in question are efficiently used, that measures are as coordinated as possible, and that synergy benefits from intersectoral cooperation are used to best advantage to further the aims of the Government Programme. No redistribution of administrative authority will be needed for implementation of these policy programmes. A good employment trend will also require productive cooperation between the Government and the labour market and entrepreneurial organizations.

The emphasis of the employment policy programme is on reducing structural unemployment and boosting the labour supply. The main aims of the programme are:

- to reduce structural unemployment and prevent exclusion
- to secure a supply of skilled labour and prepare for emerging labour shortages due to changing population age structure
- to encourage people to stay on at work longer than at present
- to raise the productivity of work, improve the organization of work, and increase job satisfaction generally.

The measures included in the employment policy programme are dealt with in section 2. The aims and measures of the entrepreneurship policy programme are dealt with in section 2.2.

Summary of the Government's main employment policy aims:

- employment to grow by 100,000 by 2007
- employment rate to rise
- unemployment rate to fall
- labour supply to improve
- employment to increase and unemployment to fall within the coverage of all Employment and Economic Development Centres.

1.2 Development of the economy and employment

Trends in the economy

Total output grew by about 2% in 2002, but production volumes were more or less unchanged from autumn 2002 onwards. Growth in exports and, in consequence, industrial production will remain low in 2003 due to poor demand on the international market. In fact, the growth in total output will largely derive from private consumption supported by the improving purchasing power of private households. By contrast, private investments are falling as production-related investments are deferred. The financial surplus in the public sector will decrease due to the economic slowdown, tax cuts and higher expenditure. This year, the surplus will come to just under 2.5% of total output, a clear drop on the past few years.

Domestic inflationary pressure remains low; the wage bill will rise more than last year, but the rise in housing costs will slow down. Since external factors will not cause any significant new pressures towards higher costs or prices either, the consumer index increase this year will only average 1.2%, well below the average for the euro zone. The price competitiveness of industry will deteriorate to a level close to the long-term average.

Economic and employment trends in Finland have been evaluated according to two alternative scenarios, a basic scenario and a target scenario¹. According to the basic scenario, total output is expected to grow by at an average rate of 2.2% annually in 2003-2007. This would bring the employment rate up from 67.7% in 2002 to 67.8% in 2007 (see Appendices for table 1). Correspondingly, the unemployment rate would fall from 9.1% to 8%.

Trends in employment and unemployment

Employment increased rapidly after the recession in the early 1990s. Between 1994 and 2001, the number of jobs increased by a total of 319,000, or 1.7% a year on average. The average employment rate increased during this period, from 59% to 67.7%. The fast growth in employment came to a halt as a consequence of the economic slowdown in 2001-2003. The number of jobs continued to increase in business services, building and public services, but fell sharply in industry, agriculture and forestry. It is predicted that employment will begin to improve again as of 2004, though slowly compared with the pace in the late 1990s. The risks involved in economic growth are still considerable. The economic slowdown highlights the need to boost growth in order to increase employment.

The unemployment rate continued to fall from its post-recession peak of 16.6% in 1994 to 9.1% in 2002. The favourable trend in employment did not, however, result in an overall fall in unemployment, since people were also recruited for new jobs from outside the labour market. Similarly, the decline which started in 2001 has had a lesser and slower effect on unemployment; the number of hours worked per employee has fallen and companies have geared up for future labour demand by keeping on 'reserve' staff. The growth in unemployment has been primarily a consequence of fixed-term contracts ending and the fact that employees leaving workplaces for various reasons have not been replaced. Although the decline continues, it has so far not caused a rise in open unemployment, because the labour supply has decreased and labour market policy measures have been stepped up. It is thought that the unemployment peak will come in late 2003 or early 2004, after which the rate is expected to fall to about 8% by 2008.

The long-term unemployment rate continued to fall steadily during 2002, at an average rate of 2.3%. Since continuous long-term unemployment does not adequately describe the extent of structural unemployment, the number of people who have difficulties in finding employment has been estimated by totalling the jobseeker register figures for continuously long-term unemployed, recurrently unemployed, participants in active measures who return to unemployment and those who repeatedly take part in active measures. In 2002, this sum was 173,700, or about half of extended unemployment. The number has fallen by about 95,000 since 1997, or by over a third. The economic slowdown may cause long-term unemployment to begin to rise again in 2003-2004. The percentage of young unemployed among the population of corresponding age was 10.8%.

Great regional differences are a characteristic of the Finnish labour market. For several years after the early '90s recession ended, growth in employment focused on a very few specific regions, such as the Helsinki metropolitan region, the Oulu region, the coastal area near Vaasa, the Tampere region and the Turku-Salo area. The employment impact of economic growth has only recently begun to be felt elsewhere in the country, partly thanks to the spread of the information technology sector and partly due to an increased focus on the domestic market for growth potential.

¹ Long-term estimates are based on conditional assumptions and are scenarios rather than forecasts. The basic scenario starts from the assumption that the growth of total output is faster toward the end of the period under review than at the beginning of it. The functioning of the open labour market is expected to improve further. The target scenario is based on the assumption that economic growth will progress at a rate of about 3% after 2003 and that the employment impact of this growth will then have to be boosted.

1.3 Raising the employment rate

It is essential to raise the employment rate in Finland in order to secure economic growth potential, a balanced public economy and the funding base for welfare services. The following common EU targets for raising employment rates were set at the European Councils in Lisbon and Stockholm:

- overall employment rate to 67% by January 2005 and to 70% by 2010;
- employment rate for women to 57% by January 2005 and to 60% by 2010;
- employment rate for older people (55-64) to 50% by 2010.

The main economic policy goal of Prime Minister Matti Vanhanen's Government is to find jobs for at least 100,000 persons by the end of the electoral period 2003-2007. A good rate of employment is essential if a 75 per cent employment rate is to be achieved by the end of the following period, which will end in 2011.

The employment rate targets for 2005 set by the European Council in Stockholm can be achieved in Finland as far as the average employment rate and women's employment rate are concerned. The average employment rate is currently 67.7% and the women's rate 66.2% (see Table 2 in the Appendices). The employment rate among older people has been rising rapidly over the past few years. It was 47.8% in 2002, and the 2010 target therefore appears attainable.

In the long term, the change in the age structure of the working-age population will make it difficult to increase the employment rate. The number of people aged between 15 and 64 will grow in Finland up until about 2010, but growth will focus on the over-55 age group. The number of employed will begin to fall due to the ageing of the working-age population, because the average age for leaving working life is several years lower than the general retirement age. After 2010, the baby-boom generation will reach retirement age, and the working-age population will begin to decline. The ageing of the population will then actually make it easier to boost the employment rate. Up until 2010, an essential measure towards an improved employment rate is to encourage people to stay on at work longer.

If we are to attain a high employment rate, it is essential to secure economic growth potential. Achieving an employment rate of 75% in 2010 will require about 275,000 more new jobs than in 2002. This means an average net increase of 34,000 new jobs a year over the next eight years, or an average annual employment rate increase of 1.4%. If the link between economic growth and employment remains similar to the past few decades on average, the projected growth in employment rate would require an annual growth rate of about 4% in overall productivity. This level of economic growth is clearly in excess of the forecasts for the next few years. Consequently, measures are needed to attain a 75% employment rate which could raise the predicted rate of new jobs per year by an average of 27,000 jobs annually. The targets for employment rates will require effective solutions in support of economic growth as well as solutions which boost its employment impact.

The employment targets are very ambitious. If the employment rate is to be raised to 75%, unemployment will have to decrease considerably and people will have to work longer. The target can be attained by the end of this decade if the de facto retirement age is deferred by two years, if people start work two years earlier and if the unemployment rate falls to five per cent. All this will have the effect of increasing the number of people in work by about 275,000 compared with 2002. However, in order to bring about such great changes, the various parties involved must be deeply committed to the targets and measures chosen, and the measures must be implemented systematically. In addition to activation of the workforce reserve and longer working careers, attainment of the target employment rates is among other things dependent on the volume of part-time work and on the immigration of foreign workers. Aspects of increased work-based immigration are dealt with in section 2.5.

1.4 Employment, the quality of working life and social cohesion

One of the aims of the Government Programme is to safeguard the Finnish model for success, driven by skills and innovation and based on growth, as this provides the foundation for qualitatively sustainable productivity and employment. The employment rate can also be raised by improving the quality of work. The social foundation built by a welfare society is also essential for continued competitiveness.

There is a clear need for more active and extensive workplace development, and support is therefore provided for voluntary development measures at Finnish workplaces. Lifelong learning on a broad front is essential for workplace development. Problems with wellbeing at work are still an issue of considerable importance for public health.

Job satisfaction ultimately derives from securing the rights of employees and employers and their basic security, and practical arrangements that support wellbeing at work. These, in turn, call for constant changes in the employment legislation and systematic development of good practices in the workplace. Innovation has been shown to be far more lively at workplaces where employees can influence their own work and take responsibility for it. Employees' commitment and ability to take long-term responsibility for their own work are crucial if the quality and productivity of work are to be increased.

Rapid technological advances and changes in work content have changed the requirements for training and qualifications. These changes, along with emergence of the information society, have also brought about a polarization of the workforce. It has become important to strive for balanced skills advancement in all demographic groups, alongside support for top expertise and high technology. Successful training focuses on wider contexts as well as specific skills and has a clear link with lifelong learning and occupational development. The lack of vocational skills is an increasingly frequent factor behind early exits from working life, and it follows that people will need adequate basic vocational skills, and opportunities and motivation for occupational development if they are to stay on at work longer. It is important to maintain the vocational skills of the employed in all occupational groups and at all educational levels if we are to ensure job continuity and guard against recruitment problems. In short, changes in working life demand regular updating of skills.

As the workforce ages, experience begins to compensate for any decline in working capacity, and the majority of ageing workers can cope perfectly well with their normal work. If the workforce participation rate rises in the next few years, the percentage of ageing workers and workers with impaired work ability in the Finnish workforce will rise. This will highlight the need to improve work ability and ensure wellbeing at work. As the labour supply decreases the attractiveness of jobs on offer and the job satisfaction involved will take on added importance.

In addition to workplace-level measures, general safety nets for the labour market and working life will need to be safeguarded. At the moment, the areas mostly clearly needing improvement are the coordination of family life and work, certain types of entrepreneurship, the functioning of participation systems, equal treatment for atypical work, and issues of workplace discrimination. The development of telecommuting also involves needs which will highlight the quality of working life.

According to the Government Programme, the best way to prevent poverty and exclusion is to strive for a high employment rate. The National Action Plan against Poverty and Social Exclusion sets down the operating principles of the Finnish welfare state, i.e. universally available services and adequate social protection. Preventive measures to combat the risk of exclusion are under way in the various fields of social policy. Welfare services are mainly financed out of taxes, following the principle of decentralized municipal responsibility for service provision. The characteristics of a welfare society include an emphasis on skills, the provision of incentives for

employment and entrepreneurship, social justice and regional balance. The National Action Plans for employment and against poverty and social exclusion have been coordinated.

The common targets to combat poverty and exclusion adopted by the Nice European Council coincide with Finland's social welfare system and national policy aims. Social policy has been developed along these lines throughout the 1990s. Workforce participation has been promoted; access to services and commodities has been secured through subsidized services and a social security system based on residence; resources have been channelled into the prevention of exclusion, and support has been provided for the most exposed groups both in the form of targeted measures and through extensive cooperation. Although the general level of social welfare has improved over the last few years, a trend towards polarization is evident, especially in the form of problems experienced by those outside the labour market, long-term unemployment, regional disparity in access to services, intoxicant abuse and mental health problems.

2. EMPLOYMENT GUIDELINES

2.1 Active and preventative measures for the unemployed and inactive

Primary aims of this guideline:

- every unemployed person is offered a new start before reaching six months of unemployment in the case of young people and 12 months of unemployment in the case of adults in the form of training, retraining, work practice, a job, or other employability measure, combined where appropriate with ongoing job search assistance,
- by 2010, 25% of the long-term unemployed participate in an active measure in the form of training, retraining, work practice, or other employability measure, with the aim of achieving the average of the three most advanced Member States.

The total reform of Finnish public employment services which began in 1998 has focused on the prevention of long-term unemployment. The reform was fully implemented as of the beginning of 2002. The key elements in the reform consist of a service needs assessment and individual jobseeking plans conducted by the employment offices in cooperation with jobseekers. Jobseeker training and the employment offices' cooperation with companies have also been stepped up (see NAP 2002, p. 29). Reform focusing on activation of jobseekers has contributed to improving the dynamics of the labour market along with other factors. Periods of unemployment have shortened from about 22 weeks in 1997 to 17 weeks in 2002.

In 2002, about 99% of the unemployed either ceased to be unemployed or had a jobseeking plan before they had been unemployed for 12 months in the case of adults, or 6 months in the case of young people (see Table 3b in the Appendices) Before this deadline there were some 6% of the unemployed over the age of 25 and 10% of those under 25 for whom a individual jobseeking plan had not been drawn up. The inflow into long-term unemployment remained on the previous year's level in 2002, with 8.6% of young people's unemployment periods extending over 6 months and 9.4% of the unemployment periods of people over 25 lasting 12 months or more.

The number of long-term unemployed has been decreasing faster than other types of unemployment since 1998. In 2002, the long-term unemployment rate was 2.3%, i.e. about half the 1997 figure. The long-term unemployment rate for women, at 2.0%, was lower than that of men, at 2.5%. The percentage of young unemployed was 10.8%. This category also includes full-time students looking for work. According to the jobseeker register, there are 173,700 long-term or recurrently unemployed², which is about half of extended unemployment.

With falling unemployment, the volume of labour market policy measures has been reduced for several years now, keeping the activation rate of the unemployed at just under 22% in 2002. The activation rate was about 25% for the long-term unemployed in the same year. Labour market policy expenditure as a percentage of GDP remains at 3.0%, with active measures accounting for 0.9% and passive measures for 2.1% (see Tables 4-6 in the Appendices).

The Government Programme sets the following employment and education policy targets for the period 2003-2007:

- to raise the activation rate for the unemployed to about 30% and improve the quality and effectiveness of active programmes
- to draw up a personal activation programme for all long-term unemployed

² Continuously long-term unemployed, recurrently unemployed, participants in active measures who then return to unemployment and those who repeatedly take part in active measures.

- to offer training, a traineeship or a workshop job to all under 25s after three months of unemployment.

Key action lines include improving skills, boosting jobsearching activity, and helping the long-term unemployed improve their life-management skills. For young people, the priority is to provide support for the transition from comprehensive school to secondary studies, and from studies to work. The aims are to prevent long-term unemployment, alleviate structural unemployment and respond to changing skills needs in the workplace.

The main labour market policy reforms will be implemented through the Government's intersectoral employment policy programme. Reforms focusing the supply and demand for labour will also be implemented in order to alleviate structural unemployment, with the aim of improving the incentive to offer and also accept work (see section 2.8). The Government's main guidelines for the prevention and reduction of long-term and youth unemployment during its term of office in 2003-2007 are the following:

Reform of the public employment services

A structural reform of the public employment services will be carried out in 2004-2006, with services for the most difficult-to-place jobseekers structured separately at labour force service centres. At the same time, the operations of the employment offices will emphasize employment services and the provision of services in support of jobseeking and vocational skills improvement, in order to ensure labour availability.

The fundamentals of the public employment services' new operating strategy are to ensure competent service needs assessments which produce an accurate evaluation of a jobseeker's vocational skills, expertise and service needs in order to establish the jobseeker's employment potential and prevent long-term unemployment. The aim is to give clients individual, appropriate and high-quality services at the right time.

The new labour force service centres will comprise the public employment services and other services needed to decrease structural unemployment, plus the necessary resources. The centres will involve municipalities, employment offices, municipal social and health care units, youth affairs units, the Social Insurance Institution (KELA) and other experts and service providers. About 40 centres will be set up between 2004 and 2006.

The reform will start by changing joint service centres (see NAP 2002, section 4.1.4) into labour force service centres and by setting up new labour force service centres. In 2004, the centres will have an estimated 10,000 clients. The centres will offer service packages to improve the employment potential of jobseekers whom the existing services have failed to help onto the labour market. The services will consist of a wide range of measures, from support for life-management skills and jobseeking to a variety of activation measures. Development work will draw on the experiences of the production of individual services gained from ESF programmes. Successful projects typically produced measures which were tailored to the client's individual needs and produced in broad-based cooperation involving employers and other parties.

The employment offices will be developed into meeting places for jobseekers and prospective employers, experts on working life and strategic partners in sub-regional development efforts. The aim is that employment offices should be able to focus more clearly and effectively than hitherto on serving the client groups with potential for finding work on the open labour market. The reform will also improve the scope for serving employer clients. Services for employers will be targeted at SMEs more distinctly than before. The emphasis will be on anticipating labour and training needs, and cooperation with local businesses and other key partners.

Employment offices will greatly step up the use of electronic network services. The aim here is to improve access to services and help people to find solutions as quickly as possible.

Activation rate to be raised to 30%

During the Government's term of office, the level of active labour market policy programmes will be raised considerably. The activation rate will be raised from the present 22% to about 30%, along with action to raise the quality and effectiveness of active programmes, in order to make it easier for people to find work on the open labour market. In the 2004 budget proposal, the Government proposes an appropriation of EUR 1,918 million for the implementation of active labour market policy, an increase of 8% on this year. In addition to this, ESF programmes for 2004 represent EUR 221 million in national and EU funding. The average volume of active programmes in 2004 is estimated to come to about 94,700 participants, bringing the activation rate close to 25%.

Shifting the emphasis of labour market support from passive to active

Labour market support was designed to improve the employment potential of the long-term or unemployed people entering the labour market through active measures. In practice, however, this support has focused on providing permanent income security for the long-term unemployed. At the end of 2002, about 140,000 people were entitled to the support. The use of labour market support as an active form of support will be boosted in line with the original intention behind it. In order to increase active programmes and provide more incentive to participate in them, the following reforms will be carried out:

- The maintenance allowance component in labour market support will be developed into an activation supplement. At the first stage in 2004, the allowance will be raised by one euro a day from its present level of seven euros a day. Similarly, the raised maintenance allowance will be increased by two euros a day from its present level of 14 euros. The increase will encourage people to take part in active programmes. The maintenance allowance is a tax-exempt benefit which is not subject to need assessment.
- In order to ensure that jobseekers receiving labour market support are able to take part in active measures, an adequate proportion of labour market policy measures should focus on improving the employment potential of those difficult to find work for. In addition, various funding models involving cooperation between central and local government will be explored, to create an incentive for municipalities to deal efficiently with unemployment.
- Preparations will begin for defining a cut-off point for labour market support as a passive form of support. An 'activity precondition' would be added to the preconditions for receiving labour market support after a specific period of unemployment, making participation in an active programme a precondition for continued reception of the support. Preparations will start in 2004. Adequate provision of active programmes must be ensured before such a precondition can be set.

Improving the effectiveness of active labour market programmes

The Council has issued Finland with a Recommendation asking it to further improve the effectiveness of active labour market programmes with a view to combating structural unemployment and reducing regional disparities.

The impact of active programmes is monitored regularly in Finland in the way agreed in the European Employment Strategy, using statistics based on the jobseeker register, which records the situation of jobseekers three months after the end of a

measure³. In 2002, just under 45% of those completing labour market policy measures were again unemployed three months after the end of the measure. This percentage had fallen slightly on the previous year, although the percentages vary a great deal for different measures. The lowest percentage was recorded among recipients of start-up grants and those who completed apprenticeship training. Immediate placement effects were poorest in placements in the public sector and combined subsidy with an emphasis on the third sector (see Table 7 in the Appendices). In addition to the current demand for labour, the immediate employment effect is influenced by the quality of programmes and the employment potential of the target group. Immediate employment is undermined particularly by the fact that there is weak demand for low-productivity workers on the labour market.

The regional focus of employment growth has led to great regional disparities in employment (see also section 2.9). The regional distribution of funding for active labour market policy takes regional disparities into account in that the number of unemployed taking part in measures in high-unemployment areas as a percentage of the whole work force is about four times higher than in low-unemployment areas (see Table 15 in the Appendices). The regional variation in labour demand has an impact on participants' chances of finding work after the end of measures. In low-unemployment areas, about 38% of those who completed labour market training were again unemployed three months after the end of the measure in 2002, when the corresponding figure for high-unemployment areas was 47%. The corresponding figures for subsidized employment were 36% in better-off areas and 57% for areas with high unemployment.

According to the jobseeker register, continuous long-term unemployment, recurrent unemployment and cycles of unemployment following measures or transition from one measure to another have all fallen more rapidly than overall unemployment. The Labour Force Survey also indicates that long-term unemployment fell more rapidly than other kinds of unemployment. In 2002, the long-term unemployment rate was 2.3% compared with 4.5% in 1997. Prevention of long-term unemployment has focused on individual solutions for unemployment problems, based on combinations of long-term services and measures arranged in cooperation between different service providers. The measures are being developed further to make them even more individual, ensuring that they can have a more versatile and broad-based effect in supporting employment and removing obstacles to finding work. In addition to this, reforms which improve the demand for labour will be needed in order to reduce structural unemployment.

The European Social Fund programmes develop tailored service packages based on individual solutions with the aim of alleviating long-term unemployment. The effectiveness of these service packages, measured through subsequent employment or training, has been better than the level attained with national measures. Three product development projects were started in 2003, aimed at raising the effectiveness of programmes. The purpose is to ensure that successful operating models and new service products are systematically and extensively utilized. During the 2003-2006 period, public funding to a total of EUR 280 million has been reserved within the ESF programmes for combating long-term unemployment⁴ (see Tables 16-21 in the Appendices).

The net employment effect of active labour market policy programmes has been evaluated in several studies, the most recent dating from 1998-2000. Net employment effects were studied by comparing the subsequent employment of participants in

³ In 2000, about 26% of participants found work on the open labour market within three months of the end of a measure (see NAP 2002, Table 5 in the Appendices). No corresponding information for 2002 is available, but the figure is estimated to be on the same level.

⁴ The measures under these programmes do not correspond directly to the Employment Guidelines. As a consequence, the ESF funding focusing on any individual Employment Guideline is merely approximate.

active programmes with that of a control group. Positive net employment effects were recorded for subsidized work in the private sector using the combined subsidy and vocational labour market training. Subsidized work in the public sector using the combined subsidy was not found to have a positive net effect, mainly because of the inability of central or local government or NGOs to extend the employment relationship of a person in subsidized employment. Earlier studies show that individual and tailored employment services and jobseeker training have positive employment effects (cf. experiences of ESF operations).

The main measures designed to improve the effectiveness of active labour market policy programmes in recent years have been as follows (see NAP 2001 p. 7 and 2002, p. 23):

- Active programmes have been planned and implemented in closer cooperation with employers than before and focused more precisely than hitherto on the jobseekers who will benefit most, based on a service needs assessment.
- Jobseeker training has been increased and more attention is focused on guidance and information provision after active programmes end.
- Labour market training is implemented in cooperation with companies, taking into account the individual needs of jobseekers. One aim has been to increase the responsibility of trainers for the subsequent employment of those who complete training.
- The targets of labour market training are regularly monitored through reports made by trainers and through an Internet-based student feedback system. The feedback is used when planning training.
- National aims are set each year for the maximum number to remain unemployed after labour market training and subsidized work, and the aims are confirmed in the State budget. The aims are incorporated at the regional level in the result negotiations between the Ministry of Labour and Labour Market Departments of the Employment and Economic Development Centres, the results of which are also regularly monitored.

In addition to measures which have already been carried out, the Government Programme continues to emphasize the need to improve the quality and effectiveness of active labour market policy programmes. In addition to the measures listed above, the following will be of key importance:

- The system for procuring adult labour market training will be made more flexible to ensure that it allows for long-term development of training and fast response to the needs of the labour market.
- In addition to price, procurement will also emphasize the quality of training and the competence of the training providers. The average size of student groups will be reduced and training tailored to the needs of students and employers. The unit price for adult labour market training will be raised in the 2004 budget.
- Active labour market policy will focus more than hitherto on small and medium-sized enterprises, in order to place more of the unemployed on the open labour market. Efforts will also be made to ensure that this does not distort competition.
- In order to improve the effectiveness of measures aimed at the most difficult to employ, long-term packages of rehabilitation, work and individual coaching, work practice and training will be made possible. Subsidized work will be combined with skills improvement. Services will be arranged in cooperation at new labour force service centres.
- The impact of the reform of employment services and active programmes will be monitored through independent evaluation studies. In order to gain an overview, the impact assessment will be supplemented with a variety of economic and social science methods, examining effectiveness from the point of view of both labour supply and demand.

2.2 Job creation and entrepreneurship

Entrepreneurship must increase if economic growth and higher employment are to be ensured. Job creation centres to an increasing degree on new start-ups and small businesses. Entrepreneurship can also promote social and economic cohesion in different geographical regions, boost economic activity and job-creation, or improve the chances of people in a poor labour-market position to find work.

An operating environment which favours new start-ups and business development in general is a key factor in achieving this aim. It is generally estimated that the Finnish economy is very competitive and presents fewer obstacles to entrepreneurship than the European average. In Finland, the support for new companies in starting up and the growth of companies in general comes from a favourable attitude to entrepreneurship, a high education level, advanced gender equality, good infrastructure and public business support and advisory services. Despite all this, there are relatively few new and growing businesses in Finland. The biggest challenge is how to boost entrepreneurial activity and help more companies to grow.

Entrepreneurship in Finland is hampered by factors such as relatively low motivation for entrepreneurship, a shortage of entrepreneurial skills, the risks involved in entrepreneurship and self-employment, and a fear of failure. In order to make entrepreneurship a more attractive career choice, the chances of success ought to be better balanced with the risk of failure. In addition to all this, there are also shortcomings in companies' capacity and indeed willingness to grow. Business management skills on subjects such as international markets, leadership skills, financial expertise and overall management of a client base and a changing market are the most common among the shortcomings that hamper growth.

The extent of public service provision also limits the growth base of entrepreneurship. This situation is made more complicated by the fact that several tens of thousands of entrepreneurs will be giving up their business operations over the next decade due to ageing.

Companies today are able to choose where they want to operate quite freely, and this means that countries and regions now have to compete harder to attract businesses. For many companies, globalization is either a threat, in that competition grows fiercer, or a opportunity, as the market expands and new locations open up. This makes it a challenge for society to offer competitive operating conditions for businesses.

The entrepreneurship policy programme as a means to developing the operating environment

As a part of its economic and employment policy, the Government is implementing an entrepreneurship policy programme. The approach is similar to that of the previous Government's entrepreneurship project (see NAP 2002, p. 32-36). The objective of the Government's economic policy is to create a framework that will foster company start-up, growth and internationalization. The most important goal is to secure economic growth, reasonable and stable interest rates and a low level of inflation, as these will enable companies to make investments and employ people in the long term. The entrepreneurship policy programme supports implementation of the Government's employment targets.

The aim of the entrepreneurship policy programme is to ensure that the operating environment of companies develops in a stable manner which can be predicted also over the longer term. The functioning of the market economy will thus be secured and the importance of companies and entrepreneurs as sources of economic growth and job-creation in Finland will grow. If these aims are to be reached, existing businesses must be constantly developed, new companies must emerge, companies must grow and reach international markets, and the competitive climate must favour

entrepreneurship. The programme will ensure that resources for the promotion of entrepreneurship are used efficiently in cooperation between different sectors of government.

The entrepreneurship policy programme is managed and coordinated by the Minister of Trade and Industry with the help of a programme manager. A ministerial group has been appointed to monitor planning and implementation of the programme. Various stakeholders take part through cooperation to monitor improvements in entrepreneurship conditions and identify reforms needed in the various areas covered.

The entrepreneurship policy programme comprises five themes. The following is an outline of the main content of the programme in 2003-2004.

Entrepreneurial education and business advisory services

The aim of boosting entrepreneurial education is to encourage Finns to become entrepreneurs. Entrepreneurial education should be incorporated into the entire education system. The most urgent task here is to raise entrepreneurship expertise and improve the teaching methods of teachers and careers counsellors.

The resources of business advisory services will focus primarily on advisory services based on the needs of would-be entrepreneurs, existing entrepreneurs and companies. The market position of business advisory services which are not dependent on public funding will be promoted. During autumn 2003, a study will be made of business advisory services in Finland which are implemented fully or partly with public funding, and the economic and human resources employed. Possible needs for improvement in use of resources will be assessed during 2004.

- On November 15, 2001 the Ministry of Education took a decision on guidelines for entrepreneurship. These guidelines will be evaluated and adjusted by the beginning of 2004, based on views expressed at the various education and training levels.
- The business management skills of SMEs will be improved in key areas of business operations. This will be one of the focus areas of publicly funded business advisory services over the next few years. The Employment and Economic Development Centres will start a programme for drawing up business plans.
- About 50 regional business service centres will be set up in order to strengthen regional business operations.
- Business advice on generation change will be boosted in publicly funded business advisory services.

New companies, growth and internationalization

One of the particular aims of the entrepreneurship policy programme is to boost the number of SMEs and strengthen their international competitiveness. The main means to achieve this end are to ease generation change in small businesses, provide financial support for new entrepreneurs just starting out, and ensure an adequate level of corporate finance and available tools. Implementation of the guidelines on technology policy and enterprise policy in the Government Programme hold key importance.

- A proposal will be prepared on how to supplement the funds channelled into seed funding by Finnish Industry Investment Ltd.
- The system of start-up grants will be improved. A report on reforms needed is due by the end of October 2003.
- During autumn 2003, a study is being made of ways of focusing labour market policy resources more effectively in support of entrepreneurship to boost employment.

- The quota of interest subsidy loans and special loans granted to Finnvera Oyj and the total amount of credit and guarantees covered by the credit and guarantee default agreement will be adjusted annually to correspond with demand.

Taxes and fees with an impact on entrepreneurship

The tax structure will be developed to better boost employment and promote entrepreneurship, taking into account the effects of taxation on Finland's ability to compete as a location for businesses and their key functions (see also section 2.8). The measures needed will be prepared by the relevant administrative authorities, while taking into account the aims of the entrepreneurship policy programme. Trends in tax and payment policy concerning SMEs is the foremost individual monitoring target of the entrepreneurship policy programme.

- The tax payable in generation change in a company will be reduced in 2004.
- A sliding lower limit will be established for value added tax as of the beginning of 2004.
- An outline of cuts in corporate and capital income tax rates and the level of dividend taxation will be drawn up during autumn 2003. The changes will be implemented as of the beginning of 2005.
- The Government will improve incentives for offering and accepting work, especially in low-productivity sectors. Decisions on tax support for low-wage sectors will be prepared during 2004 so that they can be introduced in the 2005 budget. The 'tax wedge' in low-wage sectors will be narrowed for both employers and employees.
- The taxation of foreign investment in Finnish venture capital funds will be changed so as to eliminate double taxation as of the beginning of 2005.

Regional entrepreneurship

In planning and implementing economic policy, it will be taken into account that the conditions and prerequisites for entrepreneurship differ widely in different areas of Finland. In making decisions on the weighting of measures and the focusing of resources, the varying needs of individual regions should be taken into account. Particular attention should be paid to developing cooperation across administrative boundaries and cooperation with local actors. The Government continues to strive to improve the regions' ability to utilize research and development funding.

The general aims of the entrepreneurship policy programme are being taken into account as the Government prepares to take part in negotiations on the EU funding framework period starting in 2007.

Business legislation and market functioning

Business legislation will be developed with a view to improving the operating climate for businesses. During autumn 2003, a study will be made of the need for legislative amendments, particularly those that affect the operations of SMEs. Based on this study, the Government will make a decision in spring 2004 on whether any legislative amendments are needed and the timetable for their preparation. The need for amendments to the labour legislation will be studied as agreed in the Government Programme.

- The aim of promoting entrepreneurship will be taken into consideration in preparing new legislation. The Ministry of Trade and Industry will systematically monitor preparation of new legislation from an entrepreneurial perspective.
- An Internet payment service system for small employers will be set up in 2004.
- A tax account system will be introduced in 2006.
- When the legislation on restrictive trade practices is amended in 2004, it will be ensured that entrepreneurship is taken into account in the amendments.

- A Government proposal on social enterprises will be submitted by the end of 2003 (see section 2.7).
- During spring 2004, studies will be conducted on the need to develop the legislation on insolvency proceedings to include provisions on personal bankruptcy, for instance.
- Development needs concerning entrepreneurs' social security will be studied so that possible amendments can be introduced as of the beginning of 2005. The specific aim is to make entrepreneurship more attractive.
- A study on the role of private service companies as providers of public services will be started.

Monitoring and effectiveness

The entrepreneurship policy programme will monitor entrepreneurship and its development as a social phenomenon, with the aid of an annual entrepreneurship survey. This will focus on the number of enterprises, their size and location, distribution across sectors, the profitability of enterprises, the income level of entrepreneurs and the age distribution of personnel in companies of different sizes. The aim is to create an overview of the social impact of the Government's measures to boost entrepreneurship, and changes in the operating conditions of companies and entrepreneurs. The annual survey will be supplemented with a regular evaluation of willingness to become an entrepreneur, a competitiveness evaluation and the various ministries' own evaluation of the impact of their measures.

European Social Fund programmes

European Social Fund programmes provide funding for projects such as business incubators in broad-based regional cooperation. One of the aims which is clearly coming to the fore in the operations is support for generation change in enterprises. Attention also focuses on training for entrepreneurs, entrepreneurial training, and networking between enterprises and training organizations. Another aim is boost the number of viable companies and help new companies to keep going for longer. Particular attention also focuses on improving the advisory and consultative services for new start-ups. Various projects which boost the entrepreneurial skill of special groups such as women and academics have also started. In 2003-2006, some EUR 133 million of public funding within the ESF programmes will be channelled into boosting entrepreneurship (see Tables 16-21 in the Appendices).

2.3 Address change and promote adaptability and mobility in the labour market

The aims of Employment Guideline 3:

- *Policies will aim to achieve in particular: a substantial reduction in the incidence rate of accidents at work and occupational diseases.*

The annual Working Life Barometer monitors changes in the quality of working life. According to the 2002 Working Life Barometer, one of the long-term trends in working life is the growing pressure on time and the burden of work. Every other employee estimates that the psychological stress of their work has grown. There are more women who have difficulties in coping with work than men. The growing pressure of work has been most clearly visible in the municipal sector. This burden, with the ageing of employees, manifests itself in the form of increased sick leaves. For example, the average duration of sick leave was 12 days in municipalities in 2001, but 16.3 days in 2002. Use of sick leaves is higher in the public sector than in the private sector.

The flexibility of working hours is growing. About 75% of wage-earners have the option of flexible working time. The tendency to handle work-related matters outside working hours and to work at home without compensation have both increased. In August to September 2002, about 40% of wage-earners were in contact with their workplace outside working hours by telephone or the Internet, for example. By contrast, the volume of overtime has fallen. 45% had worked in excess of their regular working hours, and 18% of these received no compensation.

Uncertainty in the workplace has grown. In 2002, the main way of reducing staff numbers was, however, not to hire replacements for people who left. Only one in three new employees is hired on a permanent basis. 20% of women and 13% of men work in a fixed-term employment relationship. Fixed-term contracts are most common in local and central government. In 2002, women were also far more likely to work part-time (17.5%) than men (8%). Workplace discrimination clearly focuses mostly on fixed-term or part-time workers. The number of cases is several times that of gender-based discrimination, for instance.

In 2002, 46% of wage-earners took part in training provided by their employer. Participation in training shows a clear division according to educational background and type of employment relationship. The number of fixed-term employees taking part in training is far lower than that of permanent employees. The average duration of training was 6 days. Close to every other workplace had development programmes or projects, and workplace health promotion activities, in particular, have increased. Wage-earners' working capacity relative to the demands of their work is good. In 2002, the average according to the working capacity index developed by the Institute of Occupational Health was 36.5 (against a range of 7-40). The index for men is somewhat better than for women, and the index clearly falls with age.

Employee opinions on workplace management and organization are somewhat more favourable. Workplace aspects which are improving include gender equality, influence over one's own position, personal development, access to information on workplace aims, and environmental issues. There is, however, widespread doubt about the adequacy of staff numbers in relation to the burden of work in the public sector in particular. Performance-based pay, linked either with quality or volume, has become more common, especially in the public sector.

In 2000, there were 28 accidents at work per 1,000 employees causing at least a three-day absence. Women had 13.7 accidents per 1,000 employees while men had 43.8. Accidents were most frequent in industry, chiefly in the building industry. Accidents at work caused 47 deaths (2.3/1,000 employees). There were no notable changes in the number of accidents at work between 1995 and 2000.

Labour market mobility is considerable in Finland. Over the past few years, there have been nearly one million new private and public sector employment contracts annually. Recruitment problems grew slightly during 2002, with 28% of workplaces that aimed to recruit new staff experiencing such problems (see Table 8 in the Appendices). The main reasons for recruitment problems were lack of basic vocational training and work experience.

Main workplace development measures implemented in support of active ageing

The Council has issued Finland with a Recommendation concerning labour supply and active ageing. According to the Recommendation, Finland should strengthen efforts to sustain the availability of labour in the long term. In particular, Finland should continue action to increase the effective exit age in line with the national strategy for active ageing, and encourage participation in the labour market by further reforming tax and benefit schemes, notably through targeted tax measures for low-paid labour.

In Finland, the main principle in the development of working life, adult education and social protection is to encourage people to stay on at work longer as a way of ensuring labour availability. In addition to the present section, the measures applied in implementing the Recommendation are also discussed in sections 2.4, 2.5 and 2.8. Employment legislation and the operating methods of work communities have been developed in cooperation with the labour market organizations in order to achieve better organization of work and improved quality of working life. The Government has implemented workplace development programmes in tripartite cooperation, reformed the employment legislation and supported lifelong learning. The main legislation on employment and occupational health and safety has all been reformed (see NAP 2002, p. 38-40).

The second stage of the Workplace Development Programme (2000-2003) and stage three of the Productivity Programme (2000-2003) continue according to established aims and practices. All these programmes share the aim of improving wellbeing at work and competitiveness by developing and disseminating operating models and skills which reinforce the development of human resources and their productive use at work. Models for good practices in individual workplaces have been drawn up on the basis of projects within the Workplace Development Programme, and information on these is available over the Internet. The Well-Being at Work Programme was implemented in 2000-2003, and will end at the close of 2003. In addition to projects in individual workplaces, the Well-Being at Work Programme funded research to develop flexible working time models and improve use of time among ageing workers. The National Programme for Ageing Workers ended at the beginning of 2002, but its aims will be incorporated into other programmes during the new Government's term of office. In 2003, total funding for these programmes came to EUR 9.7 million, and during the ongoing programme period (2000-2003) they comprise some 100,000 participants and 700 projects.

The main emphasis in European Social Fund programmes (2000-2006) is also on workplace development. The programmes support skills improvement and maintenance of working capacity for SME staff, equality in working life, entrepreneurship, and the utilization of research results and technology. Measures which support the transition to an information society are emphasized. Attention also focuses on securing the employment of employees under threat of unemployment, and on long-term personnel development. During the 2003-2006 programme period, the European Social Fund programmes have set aside a total of EUR 278 million in public funding for supporting personnel skills and wellbeing at work (see Tables 16-21 in the Appendices).

Wellbeing at work has been supported through job-alternation or switch leave. In 2002, some 12,500 embarked on switch leave; 70% of them were women. In 1996-2002, a total of about 67,500 people have taken switch leave. The employer of a person on switch leave hires an unemployed person as a replacement for the person on leave. About 10% of those who take switch leave use it for vocational studies. The conditions for switch leave were altered at the beginning of 2003, so that this form of leave now focuses more on supporting wellbeing at work among people with past careers of over 10 years. It has been agreed with the labour market organizations that the switch leave system will continue at least until the end of 2007.

As of August 1, 2001, employed wage-earners and entrepreneurs have been eligible for adult education allowance for vocational studies if their income has fallen due to studies. The allowance corresponds to about 80% of the unemployment allowance that the person would be entitled to. During 2002, close to 5,300 people received adult education allowance, to a total sum of EUR 21.2 million.

A new Occupational Safety and Health Act entered into force at the beginning of 2003. The Act contains new provisions on matters such as the physical and psychological burden of work, working alone and harassment. Supervision of occupational safety and health has been made more effective through the introduction of new measures, such as giving priority to working hours supervision.

Supervision of the employment conditions of foreign employees has also become more effective.

Telecommuting has been promoted through the Government Resolution on guidelines for telecommuting and its development. Telecommuting is seen as a way of furthering aims involving work, family life, traffic, environment and regional policy. There is also a product development project within a European Social Fund programme which supports utilization of information and communications technology (ICT), especially in the SME sector.

The Government's policy to make work more attractive and improve its quality

If the Government's employment targets are to be reached, people will have to stay on at work for longer than they do at present. It is the Government's aim to raise the work participation rate in the various age groups and encourage people to stay on at work for 2-3 years longer than they do at present (see section 2.5). Wellbeing at work and working conditions will be improved by raising the quality of working life, and reducing accidents at work, occupational diseases and absenteeism. More efficient occupational safety and health, occupational health care and rehabilitation will also support this same aim. These measures will also result in higher productivity. The Government's aims for workplace development are:

- making work more satisfying and attractive
- reducing the amount of overtime and work-related stress
- reducing use of sick leaves
- turning the trend in disability pensions granted to employed people
- reducing the number and gravity of accidents at work and occupational diseases
- improving access to and quality of occupational health care and improving its coordination with rehabilitation.

Developing legislation

A good working life requires that the rights of the various parties involved and their fundamental security are ensured, and also requires certain practical arrangements in support of wellbeing at work. These, in turn, require constant development of employment legislation in support of good workplace practices. Legislation is based on the idea that work is attractive if employees have opportunities to contribute to planning work, to develop professionally in their work, and generally to pursue personal development through their work. Excessive stress and pressure on time makes this difficult. The Government is to launch the following studies and legislation:

- Preparation of a full reform of the Act on Cooperation within Undertakings will begin in autumn 2003. The aim is to include a wider range of issues concerning workplace development and operation, and the organization of work in cooperation.
- The Government will start a tripartite study on the position of workers in cases where a company is about to transfer its production abroad.
- Preparation of the full reform of the Annual Holidays Act will be completed in autumn 2003. The aims of the reform include making it possible to save up annual holiday for a longer paid 'sabbatical' or study leave.
- The Government will submit a report to Parliament on trends in business and working life, changes in corporate operating methods and operating environments, and ways in which employment legislation can respond to these changes.
- The labour market organizations are highlighting the development of long-range and versatile individual working time options by investigating, for instance, the scope for specific working time arrangements for individual companies and working time pools and banks.

- In autumn 2003, the public sector will take action to turn recurrent fixed-term contracts into permanent ones.
- The legislation on the supervision of occupational safety and health will be overhauled.

The legislative amendments will be prepared jointly with the labour market organizations during the present Government's term of office.

Reinforced workplace development programmes

The aims of the Workplace Development Programme and the National Productivity Programme, which will both end in 2004, will be merged into a new programme to be implemented in 2004-2009 called TYKES (workplace development programme for the improvement of productivity and the quality of working life). In 2004, the programme's appropriations will come to a total of EUR 11 million. The programme will support a higher work participation rate and longer working careers. The programme promotes productivity growth while maintaining quality, and supports employees' vocational development, work ability and wellbeing at work, together with functional work communities and, ultimately, the ability of employees to stay on at work longer. The TYKES programme's focus areas are:

- support for qualitatively sustainable productivity growth and opportunities for personnel participation at workplaces
- development of workplace development methods
- reinforcement of development cooperation between workplaces and universities and polytechnics
- disseminating good practices in working life.

In order to make working life more attractive, another programme is also being started for 2003-2007: the VETO programme (national action programme for continuation at work, employee well-being and rehabilitation). The focus areas of this programme are:

- good quality of working life and occupational safety
- effective occupational health care services and rehabilitation
- diversity and equality in working life
- income security and employment requirement which create incentives.

In order to further the aims of this programme, the national programme for the reduction of accidents at work will continue and research methods concerning accidents at work and occupational diseases will be made more efficient.

Reducing recruitment problems

In order to secure the availability of labour and reduce recruitment problems, the following measures will be carried out in order to improve the services of the employment offices:

- In order to improve the efficiency of monitoring recruitment problems, a data collection method based on constant monitoring of individual employment offices will be developed. The aim is to produce up-to-date information on recruitment problems according to occupation, sector and region, and on any major recruitment drives in different areas.
- Recruitment contact persons will be trained for the bigger employment offices. They will be charged with monitoring trends in recruitment problems in the area and the filling of vacancies, working with companies in looking for solutions to recruitment problems and arranging recruitment fairs.
- Intensified employer visits by staff at employment offices will continue. In 2003, the employment offices will carry out some 20,000 visits to employers. During

these visits, the employment offices market their services, collect information on recruitment and training needs and look for job opportunities for their jobseeker clients.

- Finland's focus area in developing the EURES system is to intensify cooperation with employers further in order to ensure the availability of labour and develop transborder employment services and recruitment. Employment service cooperation will be set up between the areas around Helsinki and Tallinn. Finland will also be responsible for information provision on workforce mobility in the production of a workforce mobility portal.

2.4 Promoting development of human capital and lifelong learning

Goals in employment guideline 4 by 2010:

- *at least 85% of 22-year olds in the European Union should have completed upper secondary education;*
- *the European Union average level of participation in lifelong learning should be at least 12.5% of the adult working-age population (25 to 64 age group).*

The average level of education among young people in Finland is high: At the end of 2000, 84% of 22 year olds had completed a post-comprehensive qualification. Similarly, the rate at which young people drop out of training altogether is relatively low; nearly 90% of young people aged 18 to 24 without post-comprehensive education are currently studying. However, the level of youth unemployment is high compared with the EU average. Because the young age groups coming onto the labour market are decreasing, it is important in terms of safeguarding labour availability that more young people than at present should complete at least secondary-level vocational training and find employment after completing their training. The transition from comprehensive school to further studies needs to be made smoother; attention should also be given to the completion of secondary education and the transition to working life.

Young people enter the labour market relatively late in Finland. This is due to delays in beginning studies and to long study times. Post-upper-secondary studies are generally begun at the age of 21. In 2001, the average ages of those completing polytechnic degrees and Master's degrees at university were 25 and 27, respectively. The completion rate was 55% to 96% at universities, 55% to 93% at polytechnics and 65% to 86% in vocational education, depending on the subject. About 13% of students drop out of secondary vocational education every year. The dropout rate is lower at upper secondary school, polytechnics and universities.

Training investments and participation rates in adult education and training are at a high level in Finland. In 2000, training investments amounted to 6.0% of GDP, the second highest figure in the EU. In 2002, 18.9% of all Finns participated in adult education and training (21.4% of women and 16.5% of men)⁵. International evaluations show that there is a strong culture of learning in Finland, and adult education and training has been developed to meet the needs of working life. A future challenge is to even out the distribution of participation in adult education by level of education and training and labour market position.

The Government's aims are:

- To make the transition of young people to training and from training to the labour market faster. To increase the percentage of those continuing straight from

⁵ Source: EU labour survey. According to the adult education study of Statistics Finland, 54% of Finns aged 18 to 64 participated in adult education in 2000: 59% of women and 49% of men.

- comprehensive school to secondary education or 10th grade;
- To offer training, a traineeship or a workshop job to all under 25s after three months of unemployment (see also section 2.1);
- To reduce the number of dropouts in secondary vocational education and increase the completion rate;
- To increase vocational adult education and develop education that is better attuned to the needs of working life.

Vocational education to prevent youth unemployment

Measures will be implemented to prevent youth unemployment and combat social exclusion. The transition of young people from comprehensive school to further studies will be made faster. Special attention will be given to transitions in training and to reducing the number of dropouts. Specifically, the link between comprehensive school and secondary education will be strengthened. The relevance of vocational education to working life will be increased. The main measures during the present Government's term will be:

- To scale the number of training positions available so that everyone leaving comprehensive school has access to secondary education. All those leaving comprehensive school will be allocated a place in upper secondary school, vocational education or 10th grade through further development of the joint application procedure.
- Personal student counselling in comprehensive school will be developed in order to ensure that pupils progress to further education. Student selection processes for vocational education will be improved to ensure study opportunities for those leaving comprehensive school without any vocational training.
- Young people who have not sought further training after comprehensive school or who have not gained a study position will be provided with individual counselling at the new labour force service centres, with the aim of placing them in training, work, work training or workshop activities.
- Practical training options will be reinforced by increasing the volume of apprenticeship training for young people and by making workshop activities permanent.
- Anticipation will be improved in vocational education to ensure that the supply of training better matches the needs of working life.
- Learning at work will be established as a standard feature, and quality assurance in vocational education will be developed jointly by educational institutions and workplaces.

Making the transition from training to working life faster

The Government's aim for bringing down the average age for transition to working life is to lower the average age of beginning and completing university studies, to increase the completion rate and to reduce the number of dropouts in secondary vocational and university education.

Achieving these goals requires development of the degree structures at universities and efficient support measures for student counselling and in preventing dropouts. The Government will also be strengthening the adult education system, increasing incentives in the polytechnic financing system and developing result financing in vocational education. To enable full-time planned studies and to shorten study times, the socio-economic position of students must be improved. The main measures will be defined in the education and research development plan for 2003-2008, which will be ready in late 2003. Initially, the following measures have been launched:

- Improvement potential in university student selection processes will be investigated by February 2004. This will involve exploring ways of improving the

joint university application procedure and a proposal for creating a joint application procedure or other joint arrangement.

- An action plan will be drawn up by the end of November 2003 to promote the completion of degrees within the recommended time. At the same time, the study grant system will be made more incentive-based.

Improving adult education opportunities

Adult education plays a major role in ensuring labour availability and preventing prolonged unemployment. The Government is developing adult education on the basis of proposals submitted by the Parliamentary adult education working group (see NAP 2002, section 2.2). The major outlines involve developing and increasing adult education that meets the needs of working life, and making the education itself more attractive and motivating. Work productivity and coping at work will be promoted by increasing training to improve occupational skills. Unemployment of ageing workers and low-skilled workers will be prevented, and they will be encouraged to stay on at work. The major measures involved are the following:

- The five-year NOSTE programme aimed at raising the education level of adults, launched in 2003, will be expanded. Under the programme, existing adult education will be primarily aimed at employed low-skilled workers. A further programme will be implemented with a projected training capacity of 10,000 persons per year. In 2004, 7,400 people are expected to start such training.
- An additional 1,500 places in labour market training will be added in 2004, bringing annual capacity up to 27,300. Joint procurement of labour training with companies will be increased, and training procurement procedures will be simplified. Employees at SMEs will be offered job training procured jointly by the labour administration and employers. Job rotation models will be developed and introduced in an ESF product development project.
- Resources for additional vocational training for adults will be increased by degrees, and 1,500 new places will be added to the annual capacity for adult apprenticeship training, bringing total annual capacity up to about 22,000 in 2004.
- About one fifth of basic vocational training and polytechnic training will be aimed at the adult working-age population. Crediting prior studies and work experience, competence-based qualifications and other arrangements suitable for adults and meeting the needs of working life will be increased.
- Improvements in adult education fees, income arrangements during studying and training taxation will begin in 2004. A decision will be taken in 2004 on whether to use educational vouchers in financing adult education.
- Anticipation of expertise and training needs will be improved, and regional coordination of anticipation will be developed.
- Sufficient immigrant training will be ensured, and the quality of training will be monitored through language skills testing. Language training for adult immigrants will be improved.

A significant proportion of the financing in the European Social Fund programmes is allocated to raising the education level and occupational skills of young people and adults. A total of about EUR 260 million in public funding is being allocated to these measures in ESF programmes in 2003 to 2006 (see Tables 16 to 21 in the Appendix).

2.5 Increasing labour supply and promoting active ageing

Goals in employment guideline 5:

- *Policies will aim to achieve by 2010 an increase of five years, at European Union level, in the effective average exit age from the labour market*

(estimated at 59.9 in 2001). In this respect, the social partners have an important role to play. Any national targets should be consistent with the outcome expected at the European Union level and should take account of particular national circumstances.

Raising the employment rate will require reforms to increase the effective average exit age from the labour market in the long term as the population ages. In Finland, this age is 61.6 years. This is one of the highest figures in the EU, the average between Member States being 59.9 years.

The average retirement age has been monitored in the National Age Programme, and was 59.3 in 2001.⁶ The average retirement age has risen in recent years, but at a slow rate.

The Council has recommended that Finland should strengthen efforts to sustain the availability of labour in the long term; in particular, it should continue action to increase the effective exit age in line with the national strategy for active ageing, and encourage participation in the labour market by further reforming tax and benefit schemes, notably by targeted tax measures for low-paid labour. Achievement of the Government's employment targets means that workers must remain in working life longer than they do now. Actions related to this recommendation are discussed in this section and in the sections on working life (2.3), adult education (2.4) and work incentives (2.8). In all of these, the main objective is to increase the labour supply by lengthening working careers and ensuring that it pays to remain active in the labour market.

The targets laid down in the Government Programme are:

- to increase labour market participation by using the potential of all groups of the population;
- to increase the average number of years people spend at work by 2 to 3 years by 2010.

Reforming pension schemes to remove incentives for early retirement

The employment pension reform will come into effect at the beginning of 2005. The reform is designed to encourage people to stay at work longer and to improve employment pension financing (cg. NAP 2002, p. 20). This reform is a response to the challenges facing the economy and the pension system because of the ageing of the population; it aims to provide incentives for ageing employees to continue working. The pension system will be clarified, and the grounds for determining pensions will be made fairer than before. The pension reform and earlier changes to the pension system are expected to put the average retirement age back by two to three years in the long term. The employment pension reform involves the following principles:

- Employment pension accrual will begin at the age of 18 and end at the age of 68.
- Pension will be calculated on all annual income.
- The annual accrual percentage will be higher after the age of 53, and the 60% accrual ceiling will be abolished.
- Old-age pension can begin between the ages of 63 and 68. A person aged 62 taking early old-age pension will be liable to a 0.6% early pension deduction per month. By contrast, if retirement is postponed beyond the age of 68, the retiree's pension will be increased by 0.4% per month.
- Those born after 1950 will lose the right to unemployment pension, which will be replaced by the right to unemployment allowance.
- Time spent in child care and studying will qualify for employment pension accrual.

⁶ The average retirement age varies between about 59 and 61 years, depending on the calculation method used.

- In 2009, a lifetime factor for adapting pension coverage to changes in life expectancy will be introduced.

The Government's aim is to extend the private-sector employment pension reform to other earnings-based pensions in a manner appropriate to each sector. During autumn 2003, the Government will decide on reforms to change the terms of employment pensions in central and local government to match the private-sector employment pension reform.

In the employment policy programme, measures to encourage people to stay at work, to raise the productivity of work and to promote coping at work will be pursued in cooperation with the social partners. The labour supply will be increased and the competence of the labour force improved to match the needs of working life. Young people's entry into training or education, and their transition from this system into working life, will be accelerated, and the potential for employees to remain at work for a longer time will be improved. The competence of the labour force and the quality of working life will be enhanced. The major measures in the employment policy programme are as follows:

- Possible reduction or equalization of the own-risk component in disability pensions paid out by big employers in 'last employer' cases will be considered jointly with the labour market organizations. In that connection, more equitable calculation of the disability component in the employment pension contributions of different-sized companies will be looked into.
- Work productivity and coping at work will be fostered with added training designed to upgrade professional skills. Jointly with the labour market organizations, the organization and quality of work at the workplace level will be upgraded more effectively by coordinating current working life programmes. These support lifelong learning and development of the national innovation system.
- The possibility of permitting ageing persons to do part-time work without impairing their social security will be studied. Changes will be prepared in the adjusted unemployment allowance to allow the ageing to be paid unemployment benefit even if the maximum period for adjusted unemployment allowance has expired. These changes will come into effect in 2004.

Immigration policy programme

The Government is prepared to develop immigration policy and integration measures. The demographic trend in Finland will result in an entirely new situation within this decade due to the ageing of the population and the declining workforce. If the economic dependency ratio so requires, the Government will promote immigration in support of labour supply. The programme will be completed in spring 2005. Likewise, the Ministry of Labour will enable active immigration to ensure that immigrant labour meets the demands of the labour market, immigrants are integrated into society and working life, and good ethnic relations prevail in society. Under the principle of equality, Finnish employment conditions must apply to all employees whatever their background.

Vocational rehabilitation

A new Act on the vocational rehabilitation of employed persons will come into effect on January 1, 2004. An employee threatened by disability is entitled to receive vocational rehabilitation. The purpose of the reform is to promote the start of rehabilitation as early as possible.

The needs of ageing and aged persons on the labour market are being addressed in European Social Fund programmes. These programmes aim to improve the

occupational skills of the population in order to raise the retirement age and ensure the supply of labour.

2.6 Gender equality

Goals in employment guideline 6:

- *Policies will aim to achieve by 2010 a substantial reduction in the gender pay gap, with a view to its elimination, through a multi-faceted approach addressing the underlying factors of the gender pay gap, including sectoral and occupational segregation, education and training, job classifications and pay systems, awareness-raising and transparency.*
- *Member States should remove disincentives to female labour force participation and strive, taking into account the demand for childcare facilities and in line with national patterns of childcare provision, to provide childcare by 2010 to at least 90% of children between three years old and the mandatory school age and at least 33% of children under three years of age.*

The employment rate among women in Finland has risen steadily since 1994. Despite the downturn in the economy, it continued to rise in 2002, reaching 66.8%, while the employment rate among men declined slightly, at 69.2%. The difference in employment rates was only 2.4 percentage points. There is a lower employment rate among women than men in age groups between 20 and 44, while the situation is the opposite in age groups between 45 and 59.

Women's employment has increased most in trade, real estate and other services. The number of women working in industry, by contrast, has continued to decline. The joint EU goal for women's employment, 57% by 2005, has already been achieved in Finland.

The unemployment rate was the same for men and women in 2002, at 9.1%. Women's unemployment has been decreasing steadily since 1995, whereas the decrease in men's unemployment halted last year. Women account for just under half (48%) of all unemployed. Men account for the majority of long-term unemployed, too. On the other hand, most (60%) of those participating in active labour market measures are women.

Gender segregation in the labour market is slow to change. No significant overall changes have taken place. However, a shift can be observed in the gender distribution of students. The percentage of women among students of information technology and media has increased significantly. In 1997, the figure was 20%; by 2001, it had increased to 35%. The number of women students in the sector more than tripled, while over the same period the number of male students doubled. The higher number of women students is found mostly on the secondary level, but also in higher education (e.g. at polytechnics).

No material changes have happened in the gender pay gap overall. Women continue to earn 82% of what men earn in terms of average monthly pay. Gender segregation on the labour market and the gender pay gap correlate. Pay is lower in female-dominated sectors than in male-dominated sectors. Segregation would appear to account for about half of the overall pay gap.

In Finland, both men and women continue to work full-time for the most part. In 2001, 70% of employed women were in a full-time permanent employment relationship. Part-time work has become somewhat more common in recent years: 17.5% of employed women and 8% of employed men have part-time jobs. Fixed-term employment relationships increased considerably after the recession in the early

1990s, but this growth has halted. In 2002, 20% of employed women and 13% of employed men were in fixed-term jobs; these are particularly common among young women and in the public sector.

The Council has recommended that Finland should strengthen efforts, in the context of gender mainstreaming, to address the factors underlying the gender pay gap and gender segregation.

The social partners have enacted measures to equalize unfounded pay differences. The incomes agreement for 2003-2004 incorporates, like many earlier agreements, an equality allowance for raising pay for women and in low-paid female-dominated sectors, thus narrowing the gender pay gap. Under the comprehensive incomes and economic policy settlement, the social partners are also developing incentive pay systems based on job demand assessment. Job demand assessment is a way of eliminating unfounded pay differences between equivalent jobs on the sectoral and company level.

In the incomes agreement for 2003-2004, the labour market organizations recommended to their member unions that union-specific negotiations should assess the gender impact of collective bargaining agreements in their respective sectors with relation to the status of men and women. Sectoral assessment practices will be used in the equality efforts of the labour market organizations.

Potential for the reconciliation of work and family life has been increased in Finland in many ways. All children under school age are entitled to subsidized full-time childcare and to pre-school teaching free of charge in the year before they begin school at 7. Parents have the option of receiving a subsidy for caring for a child under three at home. Of children under two years old, 73% are cared for at home, while many (44%) children aged three to six attend a daycare centre. Parents can take care leave until their youngest child is three years old. The 18-day paternal leave has been extended to allow a father to take a month's leave for childcare under certain conditions. Adopted fathers are entitled to the same paternity leave as biological fathers. Parental leave can also be taken as part-time leave; thus both father and mother can be on part-time parental leave simultaneously. Private entrepreneurs were also given entitlement to partial parental leave. The family leave system makes it possible for parents in a permanent job to return to work after the leave. It is more complicated to use family leave in a fixed-term employment relationship.

Government policy to increase gender equality

The Government's main goals are to improve the reconciliation of work and family life, to narrow the gender pay gap, to reduce the number of fixed-term public sector employment relationships, to increase the number of women involved in decision-making and the economy, and to increase women's entrepreneurship. Equality will be promoted in various parts of society, such as working life, education and family life. The Government will improve the conditions for employment and entrepreneurship with respect to men and women, e.g. through quality daycare and other public services. It will draw up a national equality action plan, to be ready in winter 2004 and implemented primarily between 2004 and 2007. Major measures for improving equality during this Government's term in office include the following:

- Mainstreaming gender equality throughout the central administration.
- Methods for assessing gender effects will be developed.
- Gender effect assessment will be taken into account in the preparation of legislation and the central government budget.
- Assessing equality issues also from the viewpoint of men.

Reconciling work and family life

Together with the social partners, the Government will aim to enable working hours arrangements that allow better for the needs of families and children. The Government Programme includes several development projects that will improve the potential for reconciling work and family life, such as:

- Right to partial care leave will be expanded to cover parents who are shortening their working hours to care for a child in the first two years of school. The partial home care allowance will be increased. The grounds for being granted partial care leave have already been relaxed.
- Potential for parents of children under 10 to shorten their working hours will be implemented gradually.
- Family leave will be developed and its equal gender distribution improved. Men will be encouraged to take family leave. The costs incurred by employers from family leave will be shared more equitably;
- From autumn 2004, first and second-formers will be ensured morning and afternoon care.

Dismantling segregation and narrowing the gender pay gap

- Together with the labour market organizations, the Government will promote equal pay and workplace equality through a long-term programme. The goal is to eliminate unjustified differences in pay between women and men.
- The Government will reform the Act on Equality between Women and Men and ensure its enforcement. The reform will, for example, promote job evaluation across the boundaries between collective agreements and the principle of equal pay, by including surveys of the evaluation of jobs held by men and women and wage differentials in equality plans and by making wage information easier to obtain in cases where discrimination is suspected. The Government will draft a Bill on this during 2004.
- The number of women involved in political and economic decision-making will be increased.
- Through teacher training, schoolchildren will be encouraged to enter training in sectors traditionally non-typical for their gender.

European Social Fund programmes support equality and alleviate segregation, for instance by improving the skills of women working in male-dominant sectors and by enhancing their career opportunities. ESF programmes include an allocation of about EUR 70 million for implementing equality-promoting projects in training and working life in 2003-2006.

2.7 Promoting the integration of and combating discrimination against people at a disadvantage in the labour market

Goals in employment guideline 7:

- *An EU average rate of no more than 10% early school leavers.*
- *A significant reduction in each Member State in the unemployment gaps for people at a disadvantage, according to any national targets and definitions.*
- *A significant reduction in each Member State in the unemployment gaps between non-EU and EU nationals, according to any national targets.*

The disabled and immigrants are groups susceptible to exclusion from the labour market. Of all unemployed persons, 13.5% are disabled and 4.8% are foreign nationals. The number of disabled unemployed jobseekers registered with employment offices has decreased slightly on last year, while the number of foreign

unemployed jobseekers has increased slightly (see Table 14 in the Appendix). Preventing exclusion of young people by vocational education and training have been considered in the section 2.5.

A disabled person is one whose potential for gaining suitable employment, retaining a job or progressing in a career is significantly reduced because of an injury, illness or disability. The disabled unemployed are covered by the general employment services and are also provided with special services. The activation rate in measures aimed at the disabled unemployed was 21% in 2002 (Table 14 in the Appendix). A person can be referred to rehabilitation not only through employment office services but also by a workplace or through the health care system. Including such referrals, the activation rate of the disabled unemployed was about 31% in 2001.

All persons living in Finland who are not Finnish citizens are classified as immigrants. Finnish citizenship can normally be applied for after six years of continuous residence. Immigrant unemployment has decreased in the long term but remains higher than the average for the majority population. At the end of 2001, the employment statistics showed that the immigrant unemployment rate was about 31%, compared with 43% in 1997. The difference between the employment and unemployment rates among Finnish citizens and immigrants in Finland decreased by 4.3 and 7.8 percentage points, respectively, between 1997 and 2001 (see Table 13 in the Appendix). Of all foreign unemployed jobseekers, 55% were women. The unemployment rate is particularly high among refugees, whose integration process is often lengthy.

The employment of immigrants is hindered in most cases by a lack of language skills in Finnish or Swedish and difficulties in using their existing occupational skills or training on the Finnish labour market. Ethnic discrimination has also been found to hinder the employment of the immigrants.

The activation rate for unemployed immigrants is over 30%, far higher than the overall average. Immigrant employment has been promoted through measures provided for in the Act on the Integration of Immigrants and Reception of Asylum Seekers. In 2002, 3,700 new integration plans were drawn up, 41% for men and 59% for women. The aim is to provide immigrant training equivalent to 40 study credits for all unemployed jobseekers entitled to an integration plan. Immigrants also have access to public employment services and active programmes.

Helping immigrants to find employment

In order to promote the employment of immigrants, the Government emphasizes measures aimed at promoting good ethnic relations and interaction, and at preventing discrimination. Another important aim is to improve supervision of the working conditions of foreign employees and posted workers. Employment services and active programmes will be used to help immigrants to find work on the open labour market. Major measures during the Government's term include the following:

- In the Government report to Parliament in spring 2002 concerning implementation of the Act on the Integration of Immigrants and Reception of Asylum Seekers, four development areas related to the promotion of immigrant employment and its monitoring were defined: statistical monitoring, immigrant employment services, information, and jobseeking and immigrant training. The Government is monitoring attainment of the objectives of the Act and will be submitting a new report to Parliament by the end of 2007.
- The Government is developing integration measures in its new immigration policy programme (see section 2.5).
- The Government will submit to Parliament in September 2003 a bill for an 'Equality Act' based on the directives on racism and discrimination at work.
- Appropriations for immigrant employment in the budget for 2003 were carried over into the Government's budget proposal for 2004.

- A product development project to further multiculturalism in workplace communities has been launched in European Social Fund programmes in 2003. The purpose of this project is to disseminate procedures and service products developed in ESF projects for immigrant recruitment, training models based on working life, and employment exchange and employer service practices used by employment offices.

Making employment for disabled persons easier

- The bill for an Act on social enterprises being submitted to Parliament in autumn 2003 will enable the consolidation and proliferation of social enterprises. The objective of social enterprises is to provide employment opportunities for disabled jobseekers and the long-term unemployed. The bill defines a social enterprise as a company of whose personnel at least 30% are disabled or long-term unemployed. The founding of social enterprises will be financed through project subsidies totalling EUR 4.2 million in 2004.
- The prospects for introducing very long-term, or even permanent, employment subsidies tailored to reductions in the working capacity of individual employees and paid to employers providing work for people with disabilities will be investigated.
- The personal assistance and interpreter service systems will be improved. Using an assistant to help cope at work will be made easier.
- Those who have become permanently incapacitated will be referred to the appropriate support systems, such as disability pension. Assessment of the rehabilitation potential and pension potential of the long-term unemployed will be continued and expanded to cover the entire country. The number of cases studied per year will be increased from the present 2,500 to about 5,000.

European Social Fund programmes

A total of EUR 100 million will be used in European Social Fund programmes to increase participation and to prevent discrimination between 2003 and 2006. The programmes focus on training measures and social rehabilitation. The objective of the EQUAL Community Initiative is to prevent exclusion, discrimination and inequality among those in a weak labour market position through international cooperation. The programme is intended to enhance the employment potential of immigrants and ethnic minorities, to promote gender equality and to support SME personnel in the weakest labour market positions. Supporting social enterprises is a major focus.

2.8 Making work pay through incentives to employee and employer, and transforming undeclared work into regular employment

Goals in employment guideline 8:

- *Policies will aim at achieving by 2010 a significant reduction in high marginal effective tax rates and, where appropriate, in the tax burden on low paid workers, reflecting national circumstances.*

Finland's labour market is characterized by a low number of labour-intensive jobs requiring only a low level of expertise or training. As a result, unemployment is highest among the least trained part of the labour force. This is evident in the low employment in certain fields in the private service sector and in the disappearance of low-skilled jobs in industry. As a result of the progression of labour costs, low-skilled jobs have been the first to become unprofitable.

The 'incentive trap' reforms initiated in 1996 have reformed the tax and benefit system, so that there is greater incentive to take a job than there used to be. In particular, the threshold salaries for those on minimum benefit and for unemployed persons living alone have dropped, making it economically more feasible to seek employment.

Cutting the tax burden on employment

Promoting economic growth and employment are important motives in tax policy decisions. An internationally competitive tax system can safeguard high employment and the tax revenue required for sustainable financing of welfare services in the long term. Enlargement of the EU next year will increase pressures to lower the tax on alcohol in Finland. The increased mobility of labour also intensifies competition for employees.

The Government will cut taxes on labour by at least EUR 1.12 billion over the electoral period. The emphasis in the tax cuts will be front-loaded. Prospects for any further substantial cuts in taxes will be reassessed around the mid-election period, taking into account the economic environment, the balance of the public economy and the possibility of influencing collective labour market decisions through tax cuts.

A tax cut of EUR 295 million was enacted for reasons of cyclical fluctuation and employment as of July 2003. Taking earlier decisions into account, the tax cuts enacted in 2003 will total EUR 792 million. These cuts mainly comprise taxes on labour, particularly regarding low-income and medium-income wage-earners. The Government has taken the following decisions regarding tax cuts:

- In 2004, annual income tax revenues will be cut by EUR 775 million. Also, a 1% inflation adjustment will be made in the State income tax table, resulting in an additional tax cut of about EUR 70 million.
- The maximum amounts of work-related deduction and earned income deduction in municipal taxation will be raised. The earned income deduction and similar deductions in municipal taxation will be increased. Annual State income tax revenues and municipal tax revenues will be cut by EUR 364 million and EUR 359 million, respectively. Full compensation will be made to municipalities for this loss of revenue by increasing government grants. The Church's loss of tax revenue will be compensated by raising the Church's share of corporate tax revenue by 0.1 percentage point.
- Changes will be made in value-added tax to promote growth of the smallest companies. A gradual scale will be introduced in VAT liability, under which VAT reduction will decrease as turnover grows, ranging from zero at a net turnover of EUR 8,500 to full VAT at a net turnover of EUR 25,000.
- The alcohol tax will be cut by an average of 33% to maintain the tax base of recorded alcohol usage in Finland at the existing level as far as possible once import restrictions are lifted at the beginning of next year and new Member States join the EU next spring. This tax cut will help to preserve a number of jobs that would otherwise be threatened.
- The tax deduction allowed for household service work was increased from EUR 900 to EUR 1,100 per year as part of the comprehensive incomes policy settlement at the beginning of 2003. This deduction can be made for household work, care work, and repairs and renovations on a home or leisure dwelling. A household can deduct either the social security contributions on the household worker's pay or 60% of the wages paid. The household work deduction is having a positive employment impact and reducing undeclared work. New small companies, cooperatives and associations providing household services have emerged at least in southern Finland.

The above tax reliefs will narrow the tax wedge for a low-income wage earner⁷ by about one percentage point to 50% in 2004. The tax wedge on labour has already narrowed by 5.5 percentage points since the mid-1990s.

In addition to the decisions already taken, the Government will decide on the content of a corporate and capital gains tax reform in November 2003 and submit the relevant bills to Parliament in spring 2004. The new tax legislation will come into force at the beginning of 2005, except for the provisions on generation transfer in companies, which will come into force in 2004. The objective in corporate taxation is to support financial solidity, efficient use of capital and incentives for becoming an entrepreneur, consistent with the international tax environment.

The Government will improve incentives for being both an employee and an employer, particularly in low-productivity sectors. Decisions on tax subsidies for low-pay fields will be prepared during 2004 for introduction in the budget for 2005. The tax wedge in low-pay fields will be decreased by cutting the income taxes of low-income wage-earners and by cutting employer contributions. The actual way in which this will be done will be decided on the basis of a study to establish how to prevent subsidies from being misused to fund a biased preference for part-time work or speculation. This preparatory work will be done jointly with the labour market organizations and entrepreneurs' organizations. (See also section 2.2.).

Increasing the incentive of the benefit system

The Government's aim is to increase the work participation rate in various age groups and to lengthen the average working career by 2 to 3 years. To support these objectives, the social security system will be reformed so as to provide more incentive as follows:

- Premature retirement will be discouraged through reforms to raise the incentive offered by the pension system. The pension system reform is discussed extensively in section 2.5.
- To dismantle income traps, the means test for labour market subsidy as regards the spouse's income will be raised from EUR 236 to EUR 536. The subsidy for those on reduced allowance will be increased from EUR 16 to EUR 23. This proposed change would particularly improve the status of women entitled to labour market subsidy but so far prevented from receiving the full amount because of the means test.

Transforming undeclared work into regular employment

It was estimated in 1995 that the black economy accounts for 4.2% of Finland's GDP. This is the equivalent of EUR 5 billion in 2000. The black economy and undeclared work are particularly common in construction, in the restaurant sector, in cleaning work, in the shipyard industry and in transport. The black economy is estimated to be on the rise in Finland,⁸ in companies managed by Finns and foreigners alike.

Action to combat the black economy and economic crime has been stepped up in Finland in recent years. The Government has regularly approved programmes for this purpose, most recently a programme for 2002-2005. It continues to further measures to fight the black economy and economic crime and recover criminal gains, primarily

⁷ A low-income wage earner is one whose income is 2/3 of the average industrial worker's income or less.

⁸ The volume of the black economy in Finland has been estimated through comparison of the use of working hours established through interviews and the use of working hours calculated from salary data. The extent of and people's experiences of the black economy are also explored through surveys to some extent.

by improving cooperation between authorities. Legislative obstacles will be removed and potential for using register data will be improved to facilitate cooperation.

To help in fighting the black economy, the working conditions of foreign workers will be monitored more efficiently using the following principal means:

- promoting cooperation between authorities
- rectifying shortcomings in the legislation that make monitoring difficult (Act on equality, Penal Code, Act on Employment Contracts, Aliens Act and Act on the Supervision of Occupational Safety and Health and Appeal in Occupational Safety and Health Matters)
- increasing information provision to foreign workers
- adding more efficient monitoring of the working conditions of foreign workers to the programme to combat the black economy.

2.9 Addressing regional employment disparities

Production growth has slowed down in Finland and employment has declined in all regions since 2001. As a result of slowing economic growth, employment and unemployment differentials between regions have been narrowing. The employment rate varies from 75% in Uusimaa to 56% in Kainuu.⁹

Regional differences in employment rate are partly due to the different population structures. Growth centres have a high number of young persons of working age, while regions with negative migration have a higher proportion of older persons of working age and pensioners. In remote regions, problems in labour supply and the local economy will intensify as the percentage of persons of working age in the population decreases. Major demographic trends in the longer term will be population growth in southern Finland and along the coast, and population decline in sparsely populated areas in eastern and northern Finland.

Regional disparities in unemployment narrowed between 2001 (Uusimaa 5.5%, Kainuu 17.7%) and 2002 (Uusimaa 5.8%, Kainuu 16.5%).¹⁰ In eastern and northern Finland, the unemployment rate has decreased, mainly as a result of people leaving the labour force. Unemployment has risen slightly in large cities such as Helsinki, Tampere and Oulu. In these areas, production growth is decreasing sharply as a result of cuts in the electrical and electronics industry and in IT services. The increase in urban unemployment is due to rising demands on the labour market, with employers avoiding those with low levels of training and job experience and jobseekers whose unemployment has been prolonged.

The slowdown in economic growth has also caused a reduction in migration between regions (NUTS3). In particular, the positive migration in Uusimaa dropped from over 9,000 persons in 1998 to only 2,000 in 2002. In addition to developments on the labour market, the attractiveness of the Helsinki metropolitan area has decreased because of high housing costs. By contrast, other urban areas in southern Finland such as Tampere, Hämeenlinna and Lahti have enjoyed an increase in migration.

The Government's aims and main policy outlines

The Government pursues a policy of regional balance. The goal is to increase the employment rate and lower unemployment in every Employment and Economic

⁹ The employment rate variation coefficient measured at the NUTS3 level was 7.7 in 2001 and 7.6 in 2002.

¹⁰ The unemployment rate variation coefficient measured at the NUTS3 level was 36.7 in 2001 and 36.5 in 2002.

Development Centre area. Disparities in development potential between regions will be reduced. The aim is to balance migration and the population structure and to ensure adequate services nationwide. The Government will help regions by improving the regional administration and by increasing cooperation between regional and local actors in order to pool resources.

Responsibility for implementing regional development goals rests with central government, local authorities and regional councils. Ministries define the goals and measures in their respective areas and decide on the principles for regional allocations and financing of measures, taking into account national goals for regional development and the regions' own targets. The Government will approve national goals for regional development towards the end of 2003.

The main policies in strengthening regional competitiveness, competence and strengths are to develop regional centres, promote expertise and innovation policy, and promote sub-regional cooperation.

Strengthening the regional centre network and its effectiveness

Finland needs a sufficient number of growing and progressing centres in order to ensure a good life for people and companies throughout the country and to use all available material and human resources efficiently.

The current regional centre programme aims to strengthen the existing 34 regional centres. The goal is to extend the effects of growth and development over as wide an area as possible, also beyond the coverage of each regional centre.

For this purpose, networking is being promoted between regional centres and the sub-regions surrounding them. The main actors here are local authorities, businesses, educational institutions and research institutions. The aim of networking is to distribute expertise so as to strengthen the business base in the sub-regions. The regional centre programme will continue at least until the end of 2006. An interim assessment of the programme will be completed in autumn 2003.

Strengthening centres of expertise and the expertise base in areas around them

The Centre of Expertise Programme is a tool of national and regional innovation policy. It focuses on the development of welfare services and competitive top expertise in industry and other business sectors. The programme concentrates on internationally strong cutting-edge sectors and internationalization. It supports the distribution and use of top expertise beyond the centres of expertise themselves. Also, the potential of all areas to benefit from technology and expertise financing and the resulting growth is upheld. The regional impact of universities, polytechnics and research institutions is increased through cooperation with companies, technology centres, research units, educational institutions, and local and regional government.

Towards the end of the programme period in 2006, the programme's impact on the competitiveness of Finland and its regions and other objectives will be evaluated, and the establishment of good practices emerging in the programme and further development of centres of expertise will be decided on.

Development of rural areas

Rural areas and the archipelago will be developed by promoting the business environment and the availability of basic public services. Rural policy objectives include the following:

- reforming the business structure in rural areas
- developing expertise systems and human resources
- strengthening the service network
- improving the quality of life in rural areas
- developing the community structure and promoting the sustainable use of renewable natural resources.

Local action to raise employment

Regional employment strategies have been created in cooperation between local and regional actors working for regional cooperation in employment measures. In Uusimaa, Häme and North Ostrobothnia, strategies have been launched to increase employment, coordinated by regional councils and Employment and Economic Development Centres.

These projects implement the European Employment Strategy on the local level. They are supported by the European Social Fund under article 6 and also involve national funding from central government and from local actors. Similar projects are being planned in several other areas.

Regional differentiation of measures

Result management is being improved in the labour administration to take better account of special local and regional features. The role of Employment and Economic Development Centres in result management will be enhanced. In the Government budget proposal for 2004, the major active programme appropriations have been placed under a single sub-item in order to increase flexibility in the use of financing. This reform will further regional flexibility in the use of measures and boost their effectiveness. The aim is to guide actions into addressing the most important problems in each region.

Adult education steering methods will be strengthened so that these activities can be planned, monitored and allocated as needs require. Regional action plans will be drawn up on the effectiveness of adult education. The availability and accessibility of education will be ensured also in sparsely populated areas.

EU Structural Fund programmes

Structural Fund programmes are intended to promote regional development. Regional development programmes (Objectives 1 and 2) have been drawn up in the regions themselves, proceeding from their development needs and strategies. The points of emphasis in Social Fund programmes are as follows:

- using labour demand and promoting employment
- promoting equality and equal opportunities in working life
- improving the quality and effectiveness of training, promoting occupational mobility and reinforcing connections between training and working life
- improving human capital to support entrepreneurship, reform of working life and the use of research results and technology.

The Objective 1 programmes in eastern and northern Finland aim to develop backward regions and promote structural change. The purpose is to increase economic growth and entrepreneurship, to create new jobs, to raise employment and increase the level of expertise with a view to bringing GDP in these regions closer to the national average. A total of about EUR 303 million in public funding is allocated to Social Fund measures in Objective 1 programmes for 2003 to 2006.

The aim of the Objective 2 programme in western Finland is to increase entrepreneurship and create jobs, and to improve the competitiveness of businesses and farms by boosting expertise. The aim of the Objective 2 programme in southern Finland is to reinforce the status of the region as a concentration of top expertise, vibrant economy and culture. A total of EUR 154 million in public funding is allocated to Social Fund measures in Objective 2 programmes for 2003 to 2006.

The aim of the Objective 3 programme, implemented in regions outside the Objective 1 area, is to combat unemployment and social exclusion, to prevent labour shortages and to support lifelong learning. The programme helps in the transition from studying to working life, in developing training models based on working life, in helping ageing workers to cope at work, and in encouraging people to stay at work. Workplace communities are being updated in tune with technological development, entrepreneurship is being boosted, and gender disparities in jobs and training are being narrowed. A total of EUR 567 million in public funding is allocated to the Objective 3 programme for 2003 to 2006.

3. GOOD GOVERNANCE AND PARTNERSHIP

3.1 Good governance and partnership between the authorities and the social partners in implementation of the employment guidelines

The main principle of the Government Programme of Prime Minister Matti Vanhanen's Government is to continue to enhance collaboration based on agreement, especially between the social partners and trade unions. In recent years, extensive incomes policy agreements have been concluded in order to support positive economic and employment development by reinforcing the stability and predictability of the economy. Agreements have been put in place to curb inflation, improve the stable growth of purchasing power, maintain competitiveness and manage solidarity in wage policy and equality by harmonizing pay and tax solutions. These agreements also include clauses on the development of working life and lifelong learning. The social partners agree on future collective bargaining agreements, whose provisions as regards pay rises and other matters are then incorporated into sector-specific agreements. Also subject to agreement are measures to develop working life, implemented through mutual agreements or research between organizations; the central government also pledges involvement in their implementation. As a result of such activities, taxes have been cut, social security has been improved, vocational training appropriations have been increased, and several projects aiming at changes in the labour legislation and the reconciliation of work and family life have been launched.

The implementation of labour market decisions is monitored by the Incomes Policy Commission, a joint body of the social partners, the Finnish Confederation of Private Entrepreneurs, the Central Union of Agricultural Producers and the Ministry of Finance. This plays a vital role in shaping a shared economic policy and in monitoring the economic situation, competitiveness, price trends and wage development in Finland and elsewhere in the euro zone. Its reports function as background material for labour market negotiations and are approved by all the parties concerned.

In Finland, proposals on policy outlines in labour and social security legislation and employment policy programmes and decisions are prepared in committees and working groups on the ILO tripartite principle, involving representatives of employers' and employees' organizations from the private and public sectors. The aim is to decide on action that all the parties can approve.

The joint bodies involved in employment and workplace development were reformed in late 2001. The Council for Labour Affairs is a forum where the senior management of ministries, labour market organizations and other relevant organizations can discuss key strategies and challenges in employment policy. The Committee on Labour Policy is a forum where the above parties and local authority representatives can discuss employment policy outlines, major decisions and development projects. The National Action Plan for Employment 2003 was discussed by the Committee for Labour Policy after being drafted by a fixed-term NAP division appointed by the Committee.

Policy and legislation within the sectors of the Ministry of Labour, the Ministry of Education and the Ministry of Social Affairs and Health are prepared or discussed by several tripartite consultative bodies. There are also numerous local and regional tripartite bodies discussing issues related to employment, education and social security. Local cooperation in employment strategies was discussed above in section 2.9. There are also a large number of unofficial cooperation bodies.

European Social Fund programmes (2003-2006) are implemented in broad cooperation; the steering committees for these programmes incorporate

representatives of various branches of the administration, the social partners, businesses, regions and the Equality Ombudsman's Office. In the interim report to be completed by the end of 2003, the functionality and feasibility of the programmes and any changes needed will be evaluated. This interim report will be prepared jointly by the above-mentioned parties.

3.2 Initiatives of the social partners

On December 15, 2002, the social partners concluded the incomes policy agreement for 2003-2004. The agreement includes several measures related to the quality of working life, occupational skills and competence, working hours, and the reconciliation of work and family life, as follows:

- The need for fixed-term employment relationships in both the private and the public sector will be assessed, and a study on the number of and reasons for fixed-term employment relationships will be conducted if so agreed. The social partners will also provide information and training in the fields with the largest numbers of fixed-term employees.
- In order to improve occupational safety and health, a joint information and training campaign on the new Occupational Health Care Act and Occupational Safety and Health Act will be launched.
- The parties will develop workplace-specific models in order to promote good occupational health care practices.
- Unfeasibly short shifts should be avoided, and shifts under four hours in length should not be used at all unless the employee's needs or other weighty reasons so require.
- A statement will be drawn up on long-term individual working hour arrangements. The aim is to support the productivity and competitiveness of companies and workplace communities and to promote consideration for employees' working hour needs, job satisfaction and welfare. These goals can be furthered by introducing a job account or time bank system for the long-term evaluation of working hours.
- Agreement will be reached on reform of the Act on Cooperation in Companies (see section 2.3).
- Measures will be worked out to promote the reconciliation of work and family life, such as partial care leave, information campaign, working hours experiments and studies.
- The parties will continue to develop working life methodically through tripartite development programmes.
- Reform of the Act on the Supervision of Occupational Safety and Health and Appeal in Occupational Safety and Health Matters has begun following a motion from the central labour market organizations.

In the incomes policy agreement, the social partners have committed themselves to a continuous negotiation process. The aim is to lay the foundation for long-term labour market policy and to continuous discussion even while an agreement is in place, thus improving flexibility. The agreement also includes a recommendation on continuous negotiation at the union level.

The employment policy reform (see section 2.5) implemented because of changes in the age structure of the population is based on a result negotiated by the social partners among themselves.

In connection with the incomes policy agreement the social partners agreed on a joint statement on employment and labour policy. This is based on population trends in the near future, which will result in a fall in labour supply and an increase in labour demand. The statement notes that Finland's economic growth must be based on high expertise and increasing employment and productivity. Raising the employment rate

requires a growth-oriented economic policy and, consequently, more effective active labour market policy and sufficient resources. The main measures needed include the following:

- The effectiveness of active labour market policy in providing work for the unemployed on the open labour market and in ensuring the availability of competent workers must be improved. Sufficient resources must be guaranteed.
- Employers must be made more answerable for employment subsidies, and subsidy speculation and distorted competition must be prevented, for instance by including competence-boosting measures in subsidized employment.
- Apprenticeships, learning by doing and other tailored training based on the needs of working life should be developed and their volume increased. Labour market training for special fields and occupational groups with special training should take regional coverage into account and further centralized implementation across the geographical areas of individual Employment and Economic Development Centres.
- In order to promote occupational mobility, opportunities for both unemployed and employed persons to improve their occupational skills in tune with the needs of working life should be improved.
- In order to keep aged employees at work longer, their special needs must be taken into account, and their competence and work capability must be supported at all stages. The experience of aged employees must be properly utilized at workplaces.
- Young people must be encouraged to finish their studies, and they must be helped to find employment thereafter. The exclusion of unemployed young people from society and from working life must be prevented through a wide range of measures.
- Employment office services for jobseekers and employers must be improved. Cooperation between authorities must be furthered and the division of labour clarified. The expertise of labour administration personnel must be developed, and sufficient appropriately allocated resources must be ensured.

The central labour market organizations representing employers and employees prepared a joint statement on the European employment strategy reform in summer 2002. The organizations expressed their commitment to the employment goals of the European Councils in Lisbon and Stockholm and considered the European Employment Strategy and its tripartite approach important. The organizations unanimously proposed the following development measures:

- The European employment strategy should be strengthened, simplified and streamlined with regard to the number of guidelines and objectives it covers. There should only be a few quantitative objectives. Horizontal objectives and overlap should be eliminated. The employment strategy should have clear areas of focus understood by all.
- The objectives and outlines should be strategic and general, and attempts to address employment policy procedures and measures in detail should be avoided.
- The harmonization of the employment strategy with other similar EU processes should be improved; overlap should be eliminated and schedules harmonized.
- The strategic objectives of the employment guidelines should not be revised every year. The guidelines concerning current themes could be revised more often than the strategic objectives.
- Better qualitative methods of comparison should be developed, and theme-specific evaluations held between Member States interested in doing so. The dependability of statistical comparisons should also be improved.
- Overall integration of the social partners into preparation and implementation of the employment strategy should also be aimed at in future EU Member States.

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Table 1. Economic development 2003 – 2007 (basic scenario)

	2003	2004	2005	2006	2007
Change in GDP, %	1.2	2.4	2.4	2.4	2.4
Change in exports, %	1.6	4.9	4.4	4.4	4.4
Trade balance, % of GDP	6.5	6.6	6.3	6.1	5.9
Employment rate (15-64 yrs)	67.5	67.6	67.6	67.7	67.8
General government EMU debt, % of GDP	44.6	44.3	43.8	43.5	42.9

Table 2. Employment and unemployment indicators 1997 – 2002, (guideline 1)

INDICATORS FOR FULL EMPLOYMENT

	1997	1998	1999	2000	2001	2002
Total employment growth, %	2.0	2.4	3.3	1.7	1.4	0.2
Men	2.3	2.8	2.7	1.8	1.0	-0.9
Women	1.6	2.0	4.1	1.6	1.7	1.5
Part-time work	-2.9	6.5	9.5	3.3	0.6	5.0
Employment rate, 15-64 yrs	62.9	64.1	66.0	66.9	67.7	67.7
Men	65.4	66.9	68.4	69.4	70.0	69.2
Women	60.3	61.3	63.5	64.3	65.4	66.2
15-24	33.3	35.0	38.7	39.8	40.4	39.4
25-54	77.5	78.9	80.3	80.9	81.4	81.5
55-64	35.8	36.4	39.3	42.2	45.7	47.8
20-64	67.5	68.9	70.6	71.6	72.4	72.4
Unemployment rate	12.7	11.4	10.2	9.8	9.1	9.1
Men	12.3	10.9	9.8	9.1	8.6	9.1
Women	13.0	12.0	10.7	10.6	9.7	9.1

Source: Statistics Finland, Labour Force Survey

Table 3 a. Active and pretentative measures for the unemployed and people outside the workforce, (guideline 1)

	1997	1998	1999	2000	2001	2002
Percentage of young unemployed (15-24 yrs)	11.2	10.8	10.6	10.8	10.0	10.5
Men	11.6	10.6	10.3	10.6	9.8	10.4
Women	10.9	10.9	10.9	11.0	10.2	10.6
Long-term unemployment rate	4.5	3.9	2.9	2.7	2.2	2.1
Men	4.7	4.2	3.1	2.7	2.3	2.4
Women	4.4	3.6	2.7	2.6	2.0	1.8

Source: Statistics Finland, Labour Force Survey

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Table 3 b. Monitoring indicators for Guideline 1 in 1999 – 2002, (guideline 1)

Indicator	Year	Under 25s			Over 25s		
		Tot.	M	W	Tot.	M	W
Young/adult unemployed whose unemployment ended and/or job-search plan was drawn up before 6/12 months of unemployment (PREV2C)	2002	99.2	99.0	99.3	99.4	99.2	99.5
	2001	99.5	99.4	99.5	99.4	99.1	99.6
	2000	99.0	98.8	99.2	98.6	98.0	98.9
	1999	95.0	94.1	95.8	94.5	92.7	95.6
Inflow into long-term unemployment (PREV3)	2002	8.6	10.6	6.9	9.4	13.4	7.1
	2001	8.6	10.0	7.4	9.5	13.6	7.3
	2000	9.1	10.7	7.8	10.2	14.1	7.9
	1999	10.3	12.0	8.9	10.6	13.8	8.6
Entering long-term unemployed and no job-search plan made (PREV2)	2002	9.6	9.1	10.3	6.1	5.9	6.4
	2001	6.2	6.0	6.3	6.4	6.7	6.2
	2000	10.9	11.0	10.7	14.1	14.6	13.6
	1999	48.4	49.3	47.3	52.1	52.5	51.8

Source: Ministry of Labour, Jobseeker register

Table 4. Average no. of long-term unemployed taking part in activemeasures in 2000 – 2002, (Act 1a, guideline 1)

Measure	2000	2001	2002
Labour market training	3720	3053	2999
Apprenticeship training for unemployed	521	395	341
Traineeship	1105	1022	2283
Self-motivated study by unemployed	550	400	500
Pay subsidies (private sector)	1552	1318	1112
Switch-leave replacements	104	131	97
Placement in part-time work	1121	797	517
Start-up grant	344	273	271
Placement in public sector	8305	6844	6476
Combined subsidy	11214	11038	11496
(A) Active measures, total	28536	25271	26092
(R) Long-term unemployed	88968	82693	77661
Activation rate A/(R+A), %	24.3	23.4	25.1

NB. Some of the figures are only estimates.

Source: Ministry of Labour, Jobseeker register

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Table 5. Participants in active measures, average of all employment office clients in 1999 – 2002, no. of persons by gender,
(Act 1, alt, guideline 1)

Measure	1999			2000			2001			2002		
	Tot.	M	W	Tot.	M	W	Tot.	M	W	Tot.	M	W
Labour market training	37686	18496	19190	30902	14942	15960	26103	12492	13611	26346	12341	14005
-employed people under threat of unemployment	6884	3644	3240	4829	2493	2336	3587	1933	1654	2724	1254	1470
outside labour force	2345	1143	1202	1931	958	973	1721	845	876	2047	941	1106
Apprenticeship training for unemployed	8433	4587	3846	6150	3251	2899	4579	2291	2288	3902	1887	2015
Traineeship	11661	4125	7536	10546	3609	6937	9646	3234	6412	11498	3947	7551
Self-motivated study by unemployed	1810	554	1256	1235	333	902	1000			1192		
Pay subsidies (private sector)	4175	1860	2315	3373	1412	1961	3116	1282	1834	2855	1173	1682
Switch-leave replacements	4618	1381	3237	5379	1561	3818	6244	1664	4580	5199	1455	3744
Placement in part-time work	6008	603	5405	3819	368	3451	2993	255	2738	2584	235	2349
Start-up grant	2155	1127	1028	1896	1000	896	1733	875	858	1816	937	879
Placement in public sector	20065	7474	12591	14473	5025	9448	12588	4070	8518	11374	3807	7567
Combined subsidy	9788	3903	5885	12633	4825	7808	12794	4931	7863	13713	5584	8129
Vocational rehabilitation ¹	1360	580	780	1600	700	900	1550			1000		
(A1) Active measures, total	107759	44690	63069	92006	37026	54980	82346			81479		
(A2) – of which aimed at unemployed	97170	39323	57847	83646	32875	50771	75488			75708		
(R) Registered unemployment	348140	177190	170950	321119	161648	159471	302177	153433	148744	293969	154460	139509
Activation rate A1/(R+A1), %	23.6	20.1	27.0	22.3	18.6	25.6	21.4			21.7		
Activation rate A2/(R+A2), %	21.8	18.2	25.3	20.7	16.9	24.1	20.0			20.5		

¹ Comprises work try-outs and other rehabilitation measures for disabled jobseekers, an estimate based on client numbers and daily rehabilitation allowance paid

Source: Ministry of Labour, Jobseeker register

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Table 6. Expenditure on active and passive labour market policy measures 1999 – 2002, EUR million, (guideline 1)

Category	LMP measure	1999	ESF contrib. %	2000	ESF contrib. %	2001	ESF contrib. %	2002	ESF contrib. %
0-1	Employment services	120.3		123.3		144.3		182.4	
2	Training and traineeships	599.1	24.7	512.3	19.8	439.1	13.8	477.1	11.9
3	Job-sharing	75.9	0.1	71.4	0.2	79.6	0.03	70.5	0.2
4	Employment incentives	126.6	6.7	152.4	5.5	154.8	3.2	152.0	3.9
5	Vocational rehabilitation	113.7		121.8		140.4		148.7	
6	Placement in public sector	219.1	9.3	149.1	9.8	133.4	5.4	145.3	6.1
7	Start-up grant	17.3	26.9	15.2	19.5	14.0	8.9	14.7	5.3
0-7	Active measures	1272.0	18.0	1145.5	14.8	1105.6	9.7	1190.7	9.0
	Underemployment								
8.2, 8.3	(adjusted daily allowance)	181.0		164.6		157.6		164.3	
8.1, 8.4, 8.5	Unemployment security	2102.5		1960.9		2007.8		2113.7	
9	Unemployment pension	562.6		621.1		679.8		691.0	
8-9	Passive measures	2846.2		2746.6		2845.2		2969.0	
0-9	Labour market policy, total	4118.1		3892.1		3950.8		4159.7	

Active measures, %	30.9	29.4	28.0	28.6
Passive measures, %	69.1	70.6	72.0	71.4
LMP of GDP, %	3.4	3.0	2.9	3.0
Active measures, %	1.1	0.9	0.8	0.9
Passive measures, %	2.4	2.1	2.1	2.1

Source: LMP database

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Table 7. Unemployed again 3 months after the measure ended, (guideline 1)

Measure	Completions*		Unemployed 3 months after the measure			
	2002	2001	2002	%	2001	%
Labour market training	28507	31894	12194	42.8	13795	43.3
Apprenticeship training for unemployed	4110	5737	627	15.3	799	13.9
Traineeship	37200	36384	12422	33.4	11912	32.7
Pay subsidies (private sector)	6548	7445	2825	43.1	3111	41.8
Switch-leave replacement
Placement in part-time work	4623	5771	1966	42.5	2586	44.8
Start-up grant	3526	3790	174	4.9	201	5.3
Placement in public sector	23084	28162	13941	60.4	17108	60.7
Combined subsidy	20675	21480	13163	63.7	13963	65.0
All measures	128273	140663	57312	44.7	63475	45.1

*Based on follow-up of those who completed a measure in October and September.
No breakdown by gender available.

The effect of switch-leave is monitored separately.

Source: Ministry of Labour, jobseeker register

Table 8. Functioning of the labour market, (guideline 3)

Indicators:	1994	1995	1996	1997	1998	1999	2000	2001	2002
*Vacancies unfilled, time in days	9	10	11	12	15	10	10	11	13
Vacancies filled by due date, %	83.7	90.3	92.0	93.8	93.1	94.8	95.8	96.2	96.1
Workplaces experiencing recruitment problems, %	15	22	21	22	20	23	29	26	28
Occurrence of labour shortages, % of workplaces	5	6	6	5	7	9	8	9	9

*) The time that vacancies remained unfilled is given in days, not weeks

Source: Ministry of Labour, jobseeker register

Recruitment at workplaces in 2002

Figure 1. Unemployment rate and rate of vacancies, quarterly figures 1974 – 2003, (guideline 3)

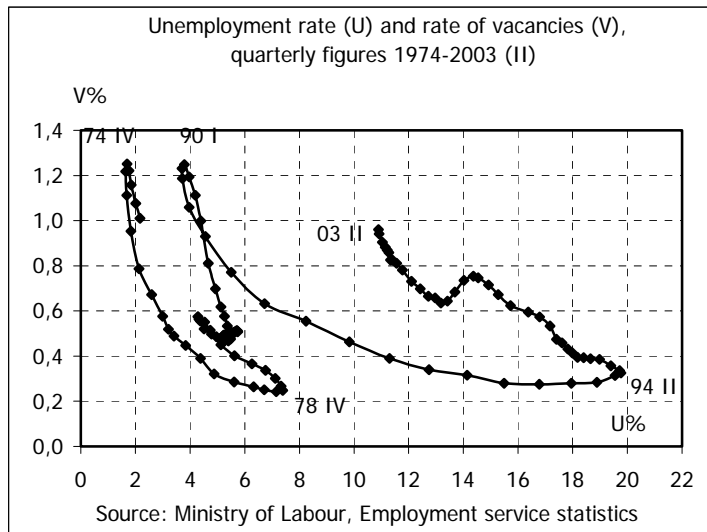


Table 9. No. of vacancies per unemployed jobseeker 1974 – 2002, (guideline 3)

Year	V/U	Year	V/U
1974	0,743	1989	0,277
1975	0,364	1990	0,239
1976	0,140	1991	0,058
1977	0,048	1992	0,018
1978	0,031	1993	0,012
1979	0,055	1994	0,014
1980	0,112	1995	0,017
1981	0,109	1996	0,021
1982	0,080	1997	0,031
1983	0,080	1998	0,042
1984	0,084	1999	0,039
1985	0,082	2000	0,049
1986	0,078	2001	0,059
1987	0,082	2002	0,067
1988	0,128		

Source: Ministry of Labour, employment service statistics

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Table 10. Employment and unemployment rate by gender and gender gap, 1994 – 2002,
(guideline 6)

Year	Unemployment rate (registered)					Unemployment rate (LFS)					Employment rate				
	Tot.	M	N	Gender gap Abs	Rel	Tot.	M	N	Gender gap Abs	Rel	Tot.	M	N	Gender gap Abs	Rel
1994	19.4	20.7	17.9	-2.8	-14	16.6	18.2	14.9	-3.3	-18	59.9	61.1	58.8	-2.3	-3.8
1995	18.2	18.9	17.4	-1.5	-7.8	15.4	15.7	15.1	-0.6	-3.8	61.1	63.1	59.1	-4.0	-6.3
1996	17.4	17.8	17.0	-0.8	-4.6	14.6	14.3	14.8	0.5	3.5	61.9	64.2	59.5	-4.7	-7.3
1997	15.9	15.8	15.9	0.1	0.6	12.7	12.3	13.0	0.7	5.7	62.9	65.4	60.3	-5.1	-7.8
1998	14.4	13.9	14.8	0.9	6.5	11.4	10.9	12.0	1.1	10.1	64.1	66.9	61.3	-5.6	-8.4
1999	13.2	12.8	13.6	0.8	6.2	10.2	9.8	10.7	0.9	9.2	66.0	68.4	63.5	-4.9	-7.2
2000	12.1	11.6	12.6	1.0	8.6	9.8	9.1	10.6	1.5	16.5	66.9	69.4	64.3	-5.1	-7.3
2001	11.3	11.0	11.7	0.7	6.4	9.1	8.6	9.7	1.1	12.8	67.7	70.0	65.4	-4.6	-6.6
2002	11.0	11.2	10.9	-0.3	-2.7	9.1	9.1	9.1	0.0	0.0	67.7	69.2	66.2	-3.0	-4.3

Source: Ministry of Labour, jobseeker register; Statistics Finland, Labour Force Survey

Table 11. Daycare arrangements for children under the age of 9 in 2001,
(guideline 6)

	0 - 2		3 - 6		7 - 8		Total	
	No.	%	No.	%	No.	%	No.	%
Daycare arrangements	44500	26.1	147500	61.3	2600	2.0	194500	35.9
- daycare centre	19800	11.6	104700	43.5	1100	0.8	125600	23.2
- family day care	19900	11.7	37000	15.4	400	0.3	57200	10.6
- other charged arrangement	2200	1.3	2700	1.1	400	0.3	5300	1.0
- other arrangement free of charge	2600	1.5	3100	1.3	700	0.6	6400	1.2
Afternoon care			25600	10.6	121700	93.3	147300	27.2
- charged arrangement	-	-	11600	4.8	27900	21.4	39500	7.3
- arrangement free of charge	-	-	1400	0.6	17000	13.0	18400	3.4
- no arrangement for care	-	-	12600	5.2	76800	58.9	89400	16.5
No daycare	125000	73.4	65200	27.1	4700	3.6	194400	36.0
Unknown	900	0.6	2400	1.0	1500	1.1	4800	0.9
Total	170300		240700		130400		541500	

Source: Labour Force Survey 2001, 4th quarter

Table 12. Clients of main services for the elderly in 2002, (guideline 6)

	Clients of services, % of those over 75 years of age		
	Men	Women	Total
Old people's homes ¹⁾	3.3	5.7	5.0
Health centre hospital wards ²⁾	1.8	3.3	2.8
Regular home care (in 2001) ³⁾	8.6	13.3	12.1
Cared for using informal care allowance ⁴⁾	3.4
Service housing ⁵⁾	5.3

Source: Ministry of Social Affairs and Health

¹⁾ Includes all residents at old people's homes

²⁾ Patients with a decision on long-term care or whose care has lasted for at least 90 days

³⁾ Clients of home care support and home nursing in a client survey carried out on November 30, 2001
(survey carried out every other year)

⁴⁾ Includes all those cared for using the allowance during the year (no statistics available on annual average)

⁵⁾ Includes intensified (day-and-night care) and other service housing

Table 13. Employment and unemployment rate by nationality in 1997 – 2002, (guideline 7)

Year	Employment rate, 16-64 yrs		
	Finnish citizens	Immigrants	Difference (% points)
1997	59,2	32,1	-27,1
1998	61,6	35,1	-26,5
1999	62,6	36,8	-25,8
2000	64,0	40,7	-23,3
2001	64,2	41,4	-22,8

Year	Unemployment rate, 15-74 yrs		
	Finnish citizens	Immigrants	Difference (% points)
1997	16,6	43,2	-26,6
1998	14,9	39,1	-24,2
1999	14,0	36,6	-22,6
2000	12,5	31,6	-19,1
2001	12,3	31,1	-18,8

Source: Register based employment statistics and unemployment

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Table 14. Disabled and foreign unemployed jobseekers, labour market policy measures aimed at them and activation rate, (guideline 7)

Year	DISABLED				ACTIVATION RATE, %		
	Unemployed jobseekers	Labour market training	Employment and traineeship	Vocational rehabilitation	Disabled	All unemployed	Difference
1999	37193	3078	7001	1320	23.5	23.9	-0.4
2000	39185	2892	7109	1360	22.5	23.6	-1.1
2001	40453	2537	6787	1600	21.3	22.3	-1.0
2002	40631	2332	6725	1550	19.6	21.4	-1.8
2002	39680	2437	7054	1000	20.9	21.7	-0.8

Year	IMMIGRANTS			ACTIVATION RATE, %		
	Unemployed jobseekers	Labour market training	Employment and traineeship	Foreigners	All unemployed	Difference
1998	14355	1864	1515	19.1	23.9	-4.8
1999	14014	3874	1656	28.3	23.6	4.7
2000	13531	3694	1763	28.7	22.3	6.4
2001	13932	3525	1921	28.1	21.4	6.7
2002	14099	4032	2199	30.6	21.7	8.9

Source: Ministry of Labour, jobseeker register

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Table 15. Employment rate and unemployment rate by Employment and Economic Development Centre in 1997 and 2002, (guideline 10)

Centre	Employment rate		Unemployment rate		Percentage of labour force in labour market measures	
	1997	2002	1997	2002	1997	2002
Uusimaa	68.9	74.9	9.5	5.8	3.1	1.5
Southwest Finland	66.8	70.6	10.4	7.4	4.3	2.3
Satakunta	61.7	65.2	13.4	9.4	6.7	3.8
Häme	62.3	67.7	13.4	8.9	5.6	2.8
Tampere Region	63.2	67.8	12.9	9.6	5.2	3.1
Southeastern Finland	60.2	63.6	12.4	10.6	5.0	3.6
Southern Savo	58.8	61.1	13.8	11.3	5.6	4.5
Northern Savo	55.5	60.4	15.6	12.0	5.9	4.7
North Karelia	54.7	58.6	17.4	15.5	6.7	5.5
Central Finland	57.3	62.2	16.2	11.9	6.1	4.1
Southern						
Ostrobothnia	61.3	65.1	14.6	8.9	5.2	3.1
Swedish Ostrobothnia	65.8	69.5	8.4	6.8	4.4	2.7
Northern						
Ostrobothnia	59.4	63.4	15.5	13.0	5.9	3.4
Kainuu	51.2	56.1	23.5	16.5	9.2	7.3
Lapland	54.4	58.2	20.4	16.2	9.4	5.9
Whole country	62.9	67.7	12.7	9.1	5.0	3.0

Source: Statistics Finland, Labour Force Survey; Ministry of Labour, Jobseeker register

APPENDICES

Table 16. Calculated funding for measures under the ESR objective 1 programme for Eastern Finland for 2003 – 2006
(public funding only) (EUR million)

(The calculated funding does not take into account any additional allocations made when the programme is adjusted halfway through the programme period, or any programme changes)

Measure	Public funding total	ESF funding	Nat. funding
MEASURE 2.1 Developing training systems and Improving the quality and effectiveness of education	51.244	25.622	25.622
Measure 2.2 Developing expertise and increasing the competence of workforce	71.742	35.871	35.871
MEASURE 2.3 Promoting the functioning of the labour market and employability	51.244	25.622	25.622
Measure 2.4 Promoting equality in working life	30.746	15.373	15.373
TOTAL	204.975	102.488	102.488

Source: Objective 1 programme for Eastern Finland; programme complement

Table 17. Calculated funding for measures under the ESR objective 1 programme for Northern Finland for 2003 – 2006
(public funding only) (EUR million)

(The calculated funding does not take into account any additional allocations made when the programme is adjusted halfway through the programme period, or any programme changes)

Measure	Public funding total	ESF funding	Nat. funding
Measure 1.3 Developing personell in business and promotion of entrepreneurship	21.163	10.581	10.581
Measure 2.6 Developing expertise in rural areas	11.266	5.633	5.633
Measure 3.2 Promoting expertise, competence and key fields	25.269	12.635	12.635
Measure 3.3 Promoting employability and preventing unemployment	27.320	13.660	13.660
Measure 3.4 Preventing exclusion from the labour market exclusion and promoting equality in the labour market	13.110	6.555	6.555
TOTAL	98.128	49.064	49.064

Source: Objective 1 programme for Northern Finland; programme complement

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Table 18. Calculated funding for measures under the ESR objective 2 programme for Western Finland for 2003-2006
(public funding only) (EUR million)

(The calculated funding does not take into account any additional allocations made when the programme is adjusted halfway through the programme period, or any programme changes)

MEASURE	Public funding total	ESF funding	Nat. funding
Measure 1.3 Promoting entrepreneurship and developing personnel	31.221	12.145	19.076
Measure 2.2 Strengthening employment and the links between training and working life	48.683	19.327	29.356
Measure 3.4 Activation of regional actors and local organizations and preventing exclusion	11.621	4.788	6.833
TOTAL	91.525	36.260	55.265

Source: Objective 2 programme for Western Finland; programme complement

Table 19. Calculated funding for measures under the ESR objective 2 programme for Southern Finland FOR 2003 – 2006
(public funding only) (EUR million)

(The calculated funding does not take into account any additional allocations made when the programme is adjusted halfway through the programme period, or any programme changes)

Measure	Public funding total	ESF funding	Nat. funding
Measure 1.4 Personnel development in support of business operations and technology expertise	19.713	7.885	11.828
Measure 2.2 Improving workforce skills and access to training	25.800	10.320	15.480
Measure 3.3 Preventing exclusion and boosting social participation and life management	16.490	6.596	9.894
Measure 3.5 Improving the skills of actors in the culture and environment sectors			
TOTAL	62.003	24.801	37.202

Source: Objective 2 programme for Southern Finland; programme complement

APPENDICES

Table 20. Objective 3, funding plan for 2003 - 2006 by measure, including an annual 2% index adjustment (EUR million)

(The funding plan does not take into account the 4% allocation made when the programme is adjusted halfway through the programme period, or any programme changes)

Measure	Total	ESF funding	State funding	Municipal funding	Private funding
Measure 1.1 Finding work for the unemployed on the open labour market and securing the supply of labour for enterprises	130.061	44.2207	55.276	11.0552	19.5091
Measure 1.2 New approaches to the transition from education and training to work	70.0325	23.8112	29.7637	5.9527	10.5049
Measure 2.1 Promoting gender equality in training and working life and strengthening the labour market position of women	37.7956	13.6063	18.7089	1.7008	3.7796
Measure 2.2 Activating people to take vocational training and reducing the drop-out rate	37.7956	13.6063	18.7089	1.7008	3.7796
Measure 2.3 Support groups in a weak labour-market position	50.3936	18.1419	24.9447	2.2677	5.0393
Measure 3.1 Improving quality and effectiveness of education and training	72.891	20.4094	25.5119	5.1024	21.8673
Measure 3.2 Promoting occupational mobility and strengthening the integration between education and working life	89.0895	24.9451	31.1813	6.2363	26.7268
Measure 4.1 Increasing and developing entrepreneurship	85.04	17.0079	21.2599	4.2522	42.52
Measure 4.2 Promoting personnel's competence and working ability at work	204.0954	40.8191	51.0239	10.2047	102.0477
Measure 4.3 Utilisation of research results and technology and promoting cooperation between the business and research sectors	51.0238	10.2049	12.756	2.551	25.5119
TOTAL	828.218	226.7728	289.1352	51.0238	261.2862

Source: Objective 3 programme; programme complement

Table 21. Calculated funding for measures under the EQUAL community initiative for 2003 - 2006

(public funding only) (EUR million)

(The funding plan does not take into account any programme change when the programme is adjusted halfway through the programme period)

Measure	Public funding total	ESF funding	Nat. funding
Measure 5.1.1 Easing access and return to the labour market	27.344	13.672	13.672
Measure 5.1.2 Preventing racism and xenophobia on the labour market	7.290	3.645	3.645
Measure 5.2.1 Reinforcing the social economy and particularly public services with an emphasis on improving quality at the workplace	18.228	9.114	9.114
Measure 5.3.1 Adaptation support for companies and employees	27.344	13.672	13.672
Measure 5.4.1 Narrowing the gender gap and dispelling traditional gender segregation of work	9.114	4.557	4.557
Measure 5.5 Social and vocational recruitment of asylum seekers	1.824	0.912	0.912
TOTAL	91.144	45.572	45.572

Source: Objective Equal programme; programme complement