Evaluation of sustainable development in Finland - Summary
This report can be found on the Internet:
http://www.ymparisto.fi/eng/orginfo/publica/electro/sy645/sy645.htm
This report describes progress made towards sustainable development in Finland over the last two decades, and presents problem areas and future challenges of sustainable development. The findings are based on the Evaluation Report of the Finnish Government’s programme for sustainable development.

The Finnish Government’s programme for sustainable development was launched in 1998, and it is to be implemented by the ministries and other public bodies. At the request of the Finnish National Commission on Sustainable Development (FNCSD), several other parties also drafted similar programmes of their own, namely, the Central Union of Agricultural Producers and Forest Owners (MTK), the Confederation of Finnish Industry and Employers (TT), the Federation of Finnish Commerce and Trade, the Association of Finnish Local and Regional Authorities, the Sámi parliament in Finland, and nine national non-governmental organisations represented by the Finnish Association for Nature Conservation. These organisations also took part in the evaluation of the Government’s programme for sustainable development.

The programme section of the FNCSD directed the evaluation, and Mr. Pekka Patosaari acted as an external expert and compiled the evaluation report. The evaluation is based on reports and self-evaluations by the ministries and other parties, supplemented on the basis of comments from elsewhere. The report is the final result of a two-year process, and it was handed over to the FNCSD on 4 December 2002.
## Contents

### Prologue

### Contents

### 1 Progress in key theme areas

1.1 The state of the national economy
1.2 Employment, production and competitiveness
1.3 Environmental pollution
1.4 The use and conservation of natural resources
1.5 Transport and mobility
1.6 Regional and community structure
1.7 Health and security
1.8 Full citizenship
1.9 Innovation and education
1.10 Corporate social responsibility
1.11 Joint responsibility

### 2 General challenges for the future

2.1 Global changes and the new economy
2.2 The need to change production and consumption patterns
2.3 The sustainable use of natural resources and reducing environmental problems
2.4 Increasing social capital
2.5 Strengthening democracy

### 3 Future challenges with regard to key theme areas

3.1 The state of the national economy—employment, production and competitiveness
3.2 Use and conservation of natural resources—environmental pollution
3.3 Regional and community structure—transport and mobility
3.4 Health and security—full citizenship
3.5 Joint responsibility and corporate social responsibility
3.6 Innovation and education

### 4 Epilogue
The principles of sustainable development have been widely adopted in Finland as a basis for central government policies, local government administration and commercial activity. Social, economic and ecological responsibility are recognised as principles to be striven for in decision-making. A good indicator of Finland’s success in this respect is the country’s top ranking in an evaluation carried out by the World Economic Forum of economic competitiveness and environmental sustainability. Under this evaluation, countries are ranked according to their economic competitiveness, and then allocated index points according to their environmental sustainability. The comparison also clearly shows that competitiveness and environmental protection can be mutually supportive.

Progress in key theme areas

This evaluation report examines problems and progress related to sustainable development under eleven key themes chosen on the basis of international and national sustainable development policies:

- The state of the national economy
- Employment, production and competitiveness
- Environmental pollution
- The use and conservation of natural resources
- Transport and mobility
- Regional and community structure
- Health and security
- Full citizenship
- Innovation and education
- Corporate social responsibility
- Joint responsibility
Indicators have been selected for each theme area to reflect the most significant changes with regard to sustainable development. These indicators were chosen on the basis of wide-ranging discussions, and Statistics Finland were responsible for the compilation and presentation of the data concerned. These indicators are not necessarily the best single measures for describing sustainable development in any one sector or theme, however. Sectoral indicators are often much more detailed and varied than the indicators selected here, which present a broader cross-sectional analysis of the state of sustainable development, and are intended to help with the constructive assessment of the most important problem areas and challenges in each theme area.

1.1 The state of the national economy

The sustainability of national economies is measured through a range of variables describing economic sustainability in terms of the stability of the economy, including measures of economic growth or competitiveness. From the point of view of material wellbeing, gross domestic product (GDP) and personal disposable income are both important indicators. But there are as yet no generally accepted international recommendations about developing “environmentally-adjusted” macro-economic indicators that would also account for damage to the environment and the depletion of natural resources.

One key feature of a sustainable economy is that the environmental and public health impacts of growth should be incorporated in prices, with economic instruments supporting sustainable development. Finland is well established among the leading countries where the development of economic instruments for environmental protection is concerned.

It could justifiably be claimed that the best single indicator for assessing the overall impact of government measures on sustainable development is the carbon intensity of the national economy, as measured by carbon dioxide emissions per unit of GDP. In the long term, the trend for this indicator is declining in Finland, reflecting both a decrease in the energy intensity of the national economy (energy consumption/GDP), and a reduction in the proportion of energy generated from fossil fuels.
The public sector and its efficiency play a key role in building up national competitiveness. A considerable rise in the productivity of labour in Finland during the 1990s has not led to any improvement in the prerequisites for the production of services. This increase in productivity has together with certain fiscal policies led to structural changes in incomes from employment and capital investment, as well as in the salaries, profits and dividends paid out by companies. This has in turn narrowed the financial base for spending on public services. In combination with the increased subsidisation of private service providers, the declining quality of basic local authority services has weakened the competitiveness of public services.

Foreign national debt with interest has shrunk very rapidly in Finland. Foreign debt peaked in 1993, but a steep decline means that this may soon turn into net foreign credit for the first time in the history of Finland. There was a clear downturn in the foreign debt accounted for by the public sector in the mid-1990s.

The rapid ageing of the population has a profound impact on labour markets and public finances. Demographic forecasts indicate that the working population will begin to shrink over the next few years. Meanwhile, the number of people of retirement age or in early retirement schemes is turning upwards, leading to increasing outlay on pensions. The ageing of the population will also become visible over time in rising public spending on health and care. Sustainable economic growth is dependent on the efficient use of current labour reserves.

1.2 Employment, production and competitiveness

Unemployment is Finland’s most serious economic problem. The consequent social instability most seriously affects young people entering the labour market and workers approaching retirement age. Temporary and part-time employment contracts have become more widespread, although by international standards part-time employment is still relatively uncommon in Finland.

Unemployment has declined since a peak in 1994, but is still well above the low levels of the late 1980s. Industrial productivity has increased steadily since 1980, but this trend seems to bear little relation to unemployment trends. The recession of the early 1990s has evidently left an in-built legacy of considerable long-term unemployment. Youth unemployment has diminished markedly during the last few years, though. Since employment policies were overhauled, all unemployed job
applicants under 25 years of age are given assistance in preparing an employment plan.

Employment trends are similar in the private and public sectors. In recent years the demand for labour has primarily focused on young people who have received a modern education, and possess the new skills needed in the information society. But it is still estimated that some 15,000 – 20,000 young people under 25 years old in Finland are at risk of exclusion; and traditional labour policy measures have failed to help this group. Socio-economic inequalities are also evident in regional employment trends. There has only been limited progress in creating new jobs and improving employment prospects around the various regions of Finland.

![Graph showing industrial productivity and unemployment.](image1)

Industrial productivity and unemployment.

Production and employment structures are changing rapidly. The share of primary production is decreasing, while there is correspondingly pronounced growth in the services sector, which currently accounts for about 50 per cent of household spending. Manufacturing production in Finland has grown by 130 per cent over the last 20 years, while the number of hours worked in the manufacturing sector has fallen by 25 per cent.

![Graph showing consumer spending on services.](image2)

Consumer spending on services.
The maintenance, servicing and repairing of products is a significant element of the dematerialisation of the economy, and is linked to growth in the services sector. One problem in this respect is the heavy burden of taxation on services compared to taxation levels on the use of non-renewable natural resources, for instance.

The adoption by industry of the concepts of eco-efficiency and sustainable development has improved eco-competitiveness. For their full integration in practice, know-how must be further increased, and “leading edge” projects must be further supported. Product life-cycle thinking has not yet become an integral part of production and product information.

The main areas of product policy where improvements can be made are:
- environmental communications, including eco-labelling
- increasing environmental awareness and know-how at every stage of the production chain
- price mechanisms and economic policy instruments
- legislation and product standards
- public sector projects
- the development of green products and services

1.3 Environmental pollution

Finland’s national climate strategy is being implemented to curb climate change and meet commitments made under the Kyoto climate protocol. The measures within the national climate strategy have been designed to achieve the necessary reductions in greenhouse gas emissions by 2008-2012.

Greenhouse gas emissions in Finland have remained at the same levels as in the early 1980s, but the loads of pollutants that cause eutrophication and acidification have been cut. Where eutrophication is concerned, nutrient discharges entering water bodies from point sources have been reduced drastically, while acidifying emissions have been cut by more than 50 per cent.
Energy consumption has been successfully reduced through agreements on energy savings with industrial companies. A special programme promoting the use of renewable energy has led to considerable investments and other measures to promote more efficient production and the increased use of low-emission energy sources. Finland has led the way in combined heat and power generation and the use of bio-fuels, further increasing the eco-efficiency of energy production. In the forest industries sector in particular, industrial plants’ own wood-based residuals are widely used as bio-fuels.

Environmental pollutant loads have declined considerably, in spite of economic growth. Improvements in waste water treatment and water-saving technologies have led to considerable reductions in discharges of particulate matter and organic pollutants into water bodies, as well as clear improvements in acidification and eutrophication. Reductions in the nutrient loads entering water bodies from point sources have meanwhile resulted in visible improvements in water quality in inland waters. Diffuse sources of nutrient pollutants remain a problem, however.

Pollution is a serious problem in the Baltic Sea. The most significant sources of pollution are farmland, settlements and industrial plants in the countries around the Baltic Sea. Internationally funded waste water treatment improvement projects with Finland as a donor or initiator have started, and in some cases already been completed, in Russia and Estonia. The Helsinki Convention on the protection of the marine environment obliges contracting countries to cut pollutant discharges from all sources, and to protect marine ecosystems and preserve biodiversity.

The import, export and use of ozone-depleting substances have declined rapidly due to legal limitations and bans on the usage of the most dangerous substances. Emissions of mercury and heavy metals have declined considerably. There have also been significant changes in the use of pesticides. The most hazardous pesticides have been abandoned altogether, and the total amount of pesticides sold has shrunk by more than 50 per cent over the last 12 years.

During the 1990s the quantities of waste generated by industries and households grew rapidly, although slower than economic growth. The amount of waste generated per unit of production has clearly declined, and there have been improvements in waste management. Changes in the classification of waste now mean that wastes linked to industries’ supplies of energy and water are now classified as being generated by the industry concerned. In recent years quality standards have improved for the treatment of waste at landfill sites. Hazardous wastes produced in developing countries are treated in Finland under the United Nations’ authority.

The primary aim of Finland’s Waste Act is to prevent the generation of waste. According to research conducted by the Finnish Environment Institute (SYKE), Finland’s current waste policies have so far mainly focused on waste recovery and on the treatment of waste hazardous to health and to the environment, whereas progress in the prevention of waste generation has been more modest.

1.4 The use and conservation of natural resources

Energy consumption and the total consumption of natural resources increased during the late 1990s, although their growth rates were slower than the increase in GDP. The total use of natural resources includes all the raw materials economically exploited in Finland, whether they are extracted in Finland or imported from abroad, as well as any hidden flows, that is, the amounts of other materials that are removed from the natural environment to obtain the desired natural resources.
The sustainable use of natural resources involves using non-renewable resources sparingly, and using renewable resources in their place whenever possible. Renewable natural resources must be used within the limits of their productive capacity. The long-term decoupling from economic growth of emission levels and the consumption of energy, natural resources and other materials is a basic prerequisite for sustainable development.

Although some decoupling has occurred in Finland, it must be noted that the consumption of natural resources has still increased in absolute terms. In fact, Finland has the dubious distinction of a leading position among the industrialised countries in terms of rates of natural resource use per capita or per unit of GDP. The total annual consumption of natural resources in the Finnish economy today amounts to more than 90 tonnes per capita. Between 1970 and 1997 this figure rose by almost 40 per cent. Just over half of this total resource use consists of hidden resource flows. About half of the natural resources concerned originate from Finland, but the proportion of resources of foreign origin used in building up the Finnish economy has been increasing slowly but steadily. About a fifth of all the resources involved are of biotic origin, and thus renewable. This proportion is quite large when compared to the same figure for other industrialised countries. About 18 per cent of all material resource use is related to energy production.

Ever since the early 1970s, more timber has grown each year in Finland’s forests than has been harvested, so timber reserves have been steadily increasing to record levels. The most recent inventory, carried out in 2001, revealed that Finland’s forests contain more than 2,000 million cubic metres of wood.
The total area of nature reserves and protected forests in Finland has increased considerably since 1980. Some 1,762,000 hectares of forest is under strict protection, amounting to 7.6 per cent of all the country’s forests – one of the highest proportions in Europe. Thanks to the designation of new nature reserves and wilderness areas, the increased protection of valuable habitats under the Forest Act, and other land use controls, the total area now set aside for nature conservation is more than five times larger than in the early 1980s. The range of policy instruments available for implementing nature conservation programmes was greatly increased when new nature conservation and forest legislation came into force in 1997.

Even such an extensive network of protected areas is not alone enough to ensure that all the valuable natural features of Finland’s forests are preserved. Most of the protected forests are in Northern Finland. This gives a key role to conservation and funding measures that focus on opportunities to preserve valuable habitats and designate new areas for protection in the more commercially managed forests of the south.

Preserving biodiversity is one of the most important goals of nature conservation. A greater proportion of all species than ever before are under threat. There are indications that in spite of the adoption of more natural and sustainable forestry methods, forestry practices must give still more detailed special consideration to the needs of threatened species. More species are still becoming threatened, particularly in farmland habitats.

Organic farming has become much more widespread, with total production now more than twenty times higher than just a decade ago. Around 7 per cent of the total area of cultivated land in Finland is already used for organic farming. Many consumers these days demand produce grown without chemical pesticides or fertilisers. Large-scale organic farming is good for Finland’s balance of payments, and also contributes towards rational employment and regional policies.

Fish stocks in Finnish waters are intensively exploited by commercial fisheries. Fishing quotas and fishing seasons have been cut in recent years in attempts to prevent over-fishing.

1.5 Transport and mobility

There are more than two million private cars in Finland, and their number is increasing. The proportion of car trips unrelated to work also shows an increase, in relation to
all private car journeys. The national car fleet is among the oldest in western Europe. Newer cars tend to be more noise-free and produce lower emissions than less advanced models, and the modern fuels they run on are also more environmentally friendly. By international standards, there is no serious traffic congestion in Finland.

In Finland’s larger built-up areas public transport is very well organised, and increasingly free of obstacles that could deter users with mobility problems. The popularity of public transport in the Helsinki Metropolitan Area is quite high according to international comparisons on urban transport modes. The city of Oulu in northern Finland is a good example of an urban area with an efficient and well-used network of cycle routes.

Finland has done well according to the first of the European Union’s two indicators on transportation: the proportion of goods traffic transported by rail. But public transport has declined noticeably in relation to all passenger transport. The use of the different goods transportation modes reflects Finland’s industrial structure, since the products of primary industries are largely transported by rail. Increasing road transportation is a problem at the EU level. But in Finland, too, the centralisation of trade and the changing logistical structure of production and distribution chains are increasing the need for transportation.

The cost of fuel has generally not risen very steeply since 1980, although there have been considerable increases over the last few years. Public transport fares, on the other hand, have risen so rapidly that it is now more cost-efficient for two people to use a car than to travel by public transport. But a rise in the price of petrol could have negative impacts on regional and social policies. State subsidies for bus transportation are relatively low in Finland (20%) compared to levels in other countries such as Italy (80%).
Traffic accident figures are an indicator of how well traffic and road safety are organised. Fatalities in road accidents declined until the mid-1990s, but have not decreased since then. There are around 7,000 traffic accidents a year in Finland, with about 400 deaths yearly.

The amounts of particles in vehicle emissions declined steeply during the 1990s, although for some types of particles (e.g. inhalable particles) the time-series of measurements is still too short for clear trends to be defined. Nevertheless, new noise and air guidelines are quite commonly exceeded in urban areas, particularly where particulate impurities are concerned, but also for nitrogen dioxide. The limit values stipulated in EU directives are not exceeded, however.

The total length of cycle paths in Finland increased fourfold over the period assessed.
1.6 Regional and community structure

Migration trends within Finland in recent decades have been clearly directed towards certain growth centres, namely Helsinki and a few other large university towns. Fewer municipalities show a net population increase than in the 1970s. Meanwhile, rural populations have declined considerably, and the populations of other urban areas have remained more or less stable. These trends further worsen the prospects for municipalities suffering from depopulation, where the number of workplaces in the agricultural sector is falling rapidly, and the average age of the population is rising, reducing the usage and viability of infrastructure and services. Signs of an easing off in the levels of migration have recently begun to appear, however.
Although the population has become increasingly concentrated in large urban areas, population densities within these urban areas have actually declined, as housing developments have spread over ever wider areas. Over the last twenty years the length of the average journey to work has increased from around five kilometres in 1980 to almost nine kilometres.

According to the principles of economically, ecologically, socially and culturally sustainable development, important goals include:
- the diversification of employment and the economic base in declining regions
- the exploitation of existing infrastructure in declining areas and urban growth centres
- reducing the need for transportation
- making built-up areas more compact through in-fill construction, while also improving the quality of life

The centralisation of the regional structure and urban sprawl are both problematic trends in terms of sustainable development. Excessively rapid centralisation has led

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Population trends in Finland.

Average length and duration of journeys to work.
to unreasonable rises in housing costs in growth centres, and increased the need for public services infrastructure, while in areas with declining populations other problems are increasing, and public infrastructures are not fully utilised.

1.7 Health and security

The ability of the individual to participate fully in society can be an even more significant factor than health in the quality of life. The opportunities for the elderly and the disabled in this respect have improved to some extent, as various helpful means of communication, mobility aids, personalised services and suitable housing have become more widely available.

Recent generations have in general been healthier than their predecessors, partly because they have enjoyed a healthier and materially wealthier childhood. General improvements in living conditions reduced the risk of mortality for Finnish men aged 50 into the mid-1990s, and since then this age-specific mortality rate has been roughly stable. Differences between social groups in health are exceptionally large in Finland, and these differentials have not been reduced as was hoped. The determinative significance of social status seems even to have increased.

Lifestyle diseases have not significantly declined among the Finnish population, and remain a key problem for the future. Obesity increases the prevalence of blood circulation disorders, adult diabetes and problems with joints. Obesity is a much more common problem in Finland than in the other Nordic countries, and is more widespread among men than among women.

There were rises in the treatment of alcohol-related illnesses and drug-related illnesses – with increases of 30 per cent and 25 per cent, respectively, during the 1990s. Habitual alcohol consumption patterns contribute to the frequency of accidents and other alcohol-induced problems related to binge drinking. About 5 per cent of all deaths occur as a consequence of the use of intoxicants.

The usage of drugs and alcohol has increased among young people recently. Research indicates that teenage girls now drink and smoke as much as or even more than boys of the same age. Narcotics became more easily available across the whole country during the 1990s, and experimentation, drug usage and the related problems
all increased correspondingly, particularly among young people and in Southern Finland and the Helsinki region.

Suicides are still relatively common in Finland, particularly among younger men, and are often linked to mental health problems, depression, and drug or alcohol abuse.

![Graph showing usage of tobacco and alcohol among young people.](image)

Other factors contributing to ill health include social problems such as work-related stress, fatigue at work or in the home, and problems with children’s health. Widespread divorce and migration disrupt social cohesion, although they may improve the overall quality of life of the individuals involved.

The number of violent crimes recorded rose by about 60 per cent during the period assessed. In 2000, almost 29,000 violent crimes were recorded (murders, attempted murders, assaults or rapes). Domestic violence may be partially hidden in police statistics on violent crimes, although it is estimated to be a problem in one in five families.

![Graph showing violent crimes against the person.](image)
In spite of increasing crime, the police force has remained at more or less the same size in recent years. When population growth is considered, the police force has actually shrunk, since there are now 7,600 inhabitants per police officer compared to 7,000 previously. The visibility of police officers is important for a sense of security.

1.8 Full citizenship

Full citizenship in this context basically means that people feel they are an integral part of society, and that they have the ability to influence matters which affect everyone. Full citizenship also means people have the opportunity to satisfy their basic material and intellectual needs.

The turnout for local elections dropped steadily through the 1990s in Finland, eventually falling to 56 per cent by 2000. Participation in national and European parliamentary elections also declined. These low voting levels reflect a lack of interest in politics and the widespread feeling that voters cannot affect political decisions. Turnout among young voters has been particularly poor. Unemployed and otherwise socially deprived voters are also less likely to turn out to vote than the average citizen. During the 1990s the number of long-term unemployed soared. Finnish women have voted more actively than men since the 1980s.

![Graph showing turnout in local elections and long-term unemployment](image)

Voting activity and long-term unemployment.

In Finland, 37.5 per cent of members of parliament are women (compared to 42.7% in Sweden) while 34 per cent of local authority councillors are female. Women are better represented in workplaces at middle management level than in other EU countries. In the official organs of public sector organisations at least 40 per cent of the members must be women. But gender differences are still clearly reflected in the gender breakdown of professions, and in salaries. The under-representation of women in certain political decision-making bodies also leads to under-representation among electoral candidates.

Basic rights are an important element of full citizenship. In this context, Finland’s free education system and high levels of education are notable assets. Citizens of all ages are entitled to study for the national matriculation examinations at no cost. Many people also study in their own time to educate themselves on a range of subjects.

Although educational standards are high in Finland, around 17 per cent of all under-34-year-olds still have no education beyond the basic schooling. However,
this figure has fallen considerably since 1980, when the percentage was 42. The number of people claiming supplementary benefit rose into the mid-1990s, due to the recession and increasing unemployment. The number of wage earners on low incomes actually dropped according to OECD standards, which define low incomes relatively.

![Graph showing supplementary benefit claimants, low-income wage earners, and the proportion of 30-34 year-olds with no further education.]

Youth unemployment has declined considerably in recent years. In the beginning of 1999 around 40,000 under-25s were unemployed in Finland. One reason for this trend has been a general improvement in employment during the late 1990s, and the increased availability of education and training. Young people are actively encouraged to study and develop professional skills. Meanwhile, a further 15,000 young people were claiming supplementary benefit, and 12,000 were involved in young people’s workshop training schemes.

Although poverty levels in Finland are among the lowest in the European Union, poverty remains a serious problem. Poverty became more widespread during the recession years towards the end of the 1990s. But in 1999 this trend was reversed. Real household incomes have risen considerably in higher income groups, and a growth in income from property among the well-off has further increased income differentials. Correspondingly, the levelling impact of income transfers has weakened. Although the equitable redistribution of income has become less effective over the period assessed here, income differentials in Finland remain among the lowest anywhere in the world.

Co-operation on the basis of social integration and a sense of unity are both needed to guarantee sustainable and stable social development. Finnish society offers citizens good opportunities to fulfil their basic needs and achieve a good quality of life. Social and health services provided by public authorities serve the whole population equally, regardless of their place of residence or economic status. A sense of social solidarity helps to prevent conflicts which could give rise to anti-social acts. Finland is a relatively safe and socially egalitarian society, with comparatively few cultural differences.

Legislation guarantees that the Swedish-speaking minority are widely able to obtain public services and use their language on an equal basis to the Finnish-speaking majority. The right of the deaf to use sign language is also constitutionally guaranteed, as are the rights of the Romany people to maintain their own culture. Finland is constitutionally and internationally committed to promoting race relations, protecting
minorities, and preventing intolerance and discrimination. In 1997 the Government resolved to carry out measures to increase tolerance and prevent racism, on the basis that current Finnish legislation enables the authorities to actively combat racism.

There are still various problems regarding definitions of the rights of the indigenous Sámi people to the land and inland waters. Legislation on issues related to families and inheritance is also still under development.

1.9 Innovation and education

Finland’s productive economy is very much based on know-how and innovation, as exemplified in the global success of Finnish exports in the field of information and communications technologies (ICT). This success would not have been possible, however, without the great investments made by businesses, the State, local authorities and the research sector in research and development work related to new technologies. The proportion of GDP accounted for by research and development spending (R&D) has increased steadily since 1980. In 2001, a total of 4.9 billion euro was spent on research and development, amounting to 3.6 per cent of GDP. The number of books published in Finland rose until 1995, but this increase subsequently seems to have halted.

Private sector companies accounted for 3.6 billion euro of spending on R&D in 2001. Fields where Finnish know-how is well developed include metallurgical processes, pulp and paper making, low-emission energy technologies and fuels, and waste management and waste water treatment technologies, as well as ICT.

Public investment in research and development has also contributed greatly. More than half of the research programmes conducted by the Academy of Finland are connected in some way to sustainable development. Many research programmes are conducted and financed through co-operation between many organisations, and this significantly widens their impact. Important subjects closely linked to sustainable development are studied at many institutes where researchers are trained. Although co-operation between the educational, research and environmental sectors has become closer, and the practical impact of measures is now better assessed from the point of view of sustainable development, cross-sectoral co-operation is still inadequate and poorly co-ordinated.
Education is also very well developed in Finland. Training and research can increase the ability of people from all generations to understand the consequences of their decisions on production, consumption and administrative issues in terms of ecological, economic, social and cultural sustainability. More than a fifth of the adult population in 2001 had been through higher education. The number of students completing higher education increased in the late 1990s as vocational higher education was developed. More than 800,000 people have completed both the lower and upper levels of higher education. Finnish employees also widely participate in further professional training and other forms of training provided by their employers.

Building up human resources through training is a key element of sustainable development. The educational level of the population reflects the development of educational standards in Finland. More than 95 per cent of the students who finished their basic schooling in the second half of the 1990s went on to study in upper secondary schools or polytechnic institutes, and half of the same age group have subsequently gone on to higher levels of education. Young people whose education is limited to basic schooling are considered to be at risk of social exclusion.

Young people are also crucial to sustainable development in the future. If young people do not become integrated into society’s “productive” activities during this vital stage of their own personal development, the future of society has no sustainable basis. Under new labour policies, individual employment plans are now jointly drafted for each under-25-year-old applicant by employment officials and the job-seekers themselves. Special attention is paid to improving opportunities for the training of socially excluded young people and the development of a social environment conducive to training. But there are still adults who were educated or left uneducated under the “old-fashioned system” and can find no place in society today.

1.10 Corporate social responsibility

Corporate social responsibility involves active responsibility based on companies’ own principles, and is rapidly becoming an important factor in competition. Environmental issues are increasingly seen as part of overall social responsibility, which covers the creation of economic wellbeing as well as responsibilities toward various groups of stakeholders and the environment. Employment, the payment of
taxes on profits and employers’ social security contributions all express corporate participation in the maintenance of the welfare society. Corporate profits rose very rapidly in the late 1990s, as did corporate taxation levels, and to a lesser extent employers’ social security contributions.

![Graph showing operating surplus, corporate taxation, and employers' social security contributions](image)

Operating surplus, corporate taxation and employers’ social security contributions.

Employees’ health and safety are safeguarded through legislation covering all workplaces. Around 100,000 accidents occurred at workplaces in Finland annually in the 1980s, but since then the annual rate has gone down to under 60,000. A slight rise in recent years is at least partly related to increasing employment, but it has also been suggested that the increasing sub-contracting of work may be another factor. Sub-contracting increases competition, thereby reducing the resources available to ensure the wellbeing of employees. Industries have begun to address the problem of sub-contractors’ safety records, for instance through campaigns and closer cooperation.

![Graph showing accidents in the workplace](image)

Accidents in the workplace.
Obligations to shareholders and owners remain the cornerstones of corporate activity. Companies must produce profits at acceptable risk levels, and provide a good return on capital investments. But financiers and investors will in future pay greater attention to the ways in which good financial results are achieved; and whether profits have been achieved at expense to the environment, or through the exploitation of child labour, or in otherwise ethically unacceptable ways.

Pension funds are already major investors which seek a guaranteed long-term return on their capital, and which also wish to maintain their good reputation by investing ethically. Corporate social responsibility policies will probably continue to be important factors guiding their investments. Pension funds may also choose to actively lead the way by obliging the companies they invest in to prove their social responsibility.

Some companies in Finland have already produced their first corporate social responsibility reports. This policy already seems to be becoming more widespread, and Finnish firms’ competitors in many other countries have been producing such reports over longer periods. Moreover, the Finnish environmental reporting association (Elinkaari ry), Taloussanomat magazine, the Finnish Institute of Authorised Public Accountants (KHT) and Helsinki Business School have for several years been broadening the scope of their joint comparative assessment of corporate environmental reporting to cover both environmental and social responsibility reporting; and this is promoting changes in this direction.

There are also various voluntary environmental management and auditing schemes that companies can join in order to improve their practices systematically with regard to environmental issues. The spread of these schemes is itself an indicator that companies are taking the initiative in making continuous improvements to their environmental policies. It is important to encourage companies and other organisations to continue to make such voluntary improvements for the sake of the environment.

1.11 Joint responsibility

In Finland there is a strong Nordic tradition of caring for the less privileged and ensuring that all members of society can receive the services and advantages they are entitled to. Relative poverty increased in Finland in the early 1990s, but then declined towards the end of the decade. During the recession, a large proportion of the tax revenue went to the upkeep of social security. Social spending as a proportion of GDP has clearly increased overall, but in recent years it has fallen below EU average levels.

In terms of international joint responsibility, Finland has failed to meet all its obligations. Spending on official development assistance (ODA) was slashed to half of the 1989 levels during the early 1990s, and even now amounts to only 0.35 per cent of GDP – just half the 0.7 per cent target Finland is internationally committed to.
Social spending and spending on official development assistance.
This chapter contains the main conclusions drawn during the evaluation of sustainable development in Finland concerning the general needs and challenges for the future. These challenges are listed on a general level under five headings covering five key macro-level factors behind sustainable development: global changes and the new economy; the need to change production and consumption patterns; the sustainable use of natural resources and reducing environmental problems; increasing social capital; and strengthening democracy.

2.1 Global changes and the new economy

The globalisation of the world economy is a great challenge for every country. The increasing interdependence of governments, corporations and representatives of civic society requires changes in established ways of thinking, and must be supported by learning, innovation and development work. National economies must also come to terms with significant trends such as the ageing and shrinking of work forces, regional migration, urbanisation and increasing leisure time.

Markets and citizens must be purposefully encouraged to act ethically and responsibly in order to improve the structure of services and the prerequisites for full citizenship. The first and foremost global challenge is the need to eliminate poverty while ensuring that natural resources are adequately preserved and ecosystems are not overburdened. The principles of sustainable development must be fully integrated into the rules for a globalising world, especially with regard to improving the prospects for developing countries and helping them participate in global markets.

2.2 The need to change production and consumption patterns

Production and consumption patterns must be changed to decouple economic growth from negative impacts on the environment, while ensuring people’s basic needs are met. Values and attitudes will need to be continuously reformed in order to create a good basis for dynamic and balanced sustainable development. Key aspects of these changes will include reducing the consumption of material resources and energy, and attempts to make production and consumption less material intensive.

National and international principles and rules must be set to mobilise the appropriate human and material resources, while facilitating the practical adoption of the principles of sustainable development.

Finland’s international responsibility is based on capacity building in the developing countries, and promoting technological co-operation. Information and communications technologies in particular should be developed to serve all citizens in developing countries.
2.3 The sustainable use of natural resources and reducing environmental problems

One important basis of sustainability is that non-renewable resources are used sparingly and replaced by renewable resources whenever possible. Eco-efficiency should also lead to reductions in the absolute consumption of non-renewable resources. Renewable natural resources must be used within the limits of their productive capacity while ensuring that biodiversity can be preserved. Clean, renewable energy sources and new materials and technologies must be continuously developed and adopted; and the related know-how should also be transferred to developing countries. Although the nutrient discharges that lead to eutrophication have declined in Finland, more purposeful steps must be taken jointly with other countries around the Baltic Sea to achieve further reductions in these discharges.

The strict policies adopted in Finland to combat climate change must be continued. Sustainable timber production can help to slow the increase in the greenhouse effect. Finland has been actively involved in improving the global management, use and protection of forests, and in strengthening international institutions in the forest sector. There is an urgent need to step up international measures to combat illegal trade in timber and illegal logging.

2.4 Increasing social capital

Crime and a widespread sense of insecurity are serious problems in society today. To prevent social exclusion, special attention must be given to the long-term unemployed and young people at risk of exclusion. Labour policies must be reshaped to concentrate more on the needs of people who have been unable to find employment. A belief that society will be able to cater for the welfare of everyone helps to maintain and strengthen social cohesion.

Citizens’ rights and obligations should be considered in all national and international sustainable development programmes and strategies. The rights of women, children and indigenous peoples must be better guaranteed. As the European Union expands, the harmonisation of social protection regimes should also involve close co-operation to combat poverty and social exclusion.

2.5 Strengthening democracy

Important aspects of democracy include the involvement of citizens, transparency and co-operation. Key improvements to strengthen democracy that can be achieved through social reforms include minimising social exclusion, promoting gender equality and improving women’s position. Full citizenship requires that people continue to believe in their ability to influence political decisions, and that all elements of civic society are involved in decision-making processes.

The building up of the basic infrastructures of the welfare society and active civic society must be continued, while citizens’ faith in the future and self-respect must be reinforced. Everyone must be ready to take decisive action to promote human rights, basic freedoms, intellectual wellbeing and security around the world.
This chapter briefly lists the main challenges for the future with regard to sustainable development under the key theme areas. This list of challenges is intended to form a basis for the drafting of a more detailed plan of action, which should also contain proposals for specific measures, complete with schedules, funding frameworks and the allocation of responsibility.

3.1 The state of the national economy - employment, production and competitiveness

- The economy should be based on a decoupling between emissions, discharges and the use of materials and economic growth (eco-efficiency, dematerialisation, innovative materials, clean production).

- Taxation and public spending should be revised so as to favour work and commissioning of work.

- A prerequisite for sustainable development is that all actors in society and all citizens commit themselves to making sustainable development an integral part of everyday life. Co-operation and dialogue between administrative sectors and different actors should be strongly encouraged.

- There are numerous signs, in the economy, of independent activities promoting sustainable development. More input is needed to identify instruments suitable for the market conditions.

3.2 Use and conservation of natural resources - environmental pollution

The assessment and consideration of the ecological margins for a functioning economy should be incorporated into all activities, and eco-efficiency should be increased (life-cycle assessments, monitoring of material streams).

- Renewable natural resources should play a greater role in total energy consumption.

- Carbon dioxide emissions should be reduced by giving energy-saving agreements more extensive coverage and by using economic instruments more effectively.

- The protection of the Baltic Sea should be made more efficient in order to reduce eutrophication, the impact of dangerous chemicals and the load of diffuse pollution from agriculture. Oil-combating capacity should also be improved, and a traffic guidance system set up in the Gulf of Finland. In co-operation with the European Union and the CEMT (European Conference of Ministers of Transport), environmental activities in Russia should be enhanced.
• The action programme for the protection of waters should be implemented in full so that discharges of phosphorus and nitrogen are reduced by 50 per cent between the years 1994 and 2005. The use of artificial fertilisers and chemical pesticides in agriculture should be curbed, and a large-scale changeover to organic production and biological combating of pests introduced.

• Methods for sustainable forestry should be developed, and the protection of forests be made more efficient. In particular, co-operation is important to find solutions that satisfy the need for protection of forests in southern Finland.

3.3 Regional and community structure - transport and mobility

• In order to balance regional developments, inputs should be made especially to make regions more competitive, to strengthen regional know-how, and to improve preconditions for business and industry. Special attention should be paid to combating poverty and exclusion by the creation of new workplaces in different parts of the country.

• Housing construction should be aimed at an ecologically sustainable community structure, at accommodating structures and at efficient use of the infrastructure. The demands of sustainable development should be taken into account in all building. The co-operation between central and local authorities should be improved in land use planning and traffic planning. More attention should be paid to making communities pleasant and socially functional, providing adequate services, creating safe environments, and combating exclusion.

• In traffic and communications, the stress should be away from the use of private cars and towards public transport, walking and cycling. The general starting point for economic guidance should be to internalise the costs of communication and transport into fees for these services. Preconditions for public transport should be improved in different parts of the country.

• The information society and electronic services should be fully utilised in order to curb unnecessary transports. Safe, reliable and reasonably priced data communications create a basis for using computer technology to supplant the need for physical transfer.

3.4 Health and security - full citizenship

• The welfare society should be maintained and promoted by means of service systems and a social policy which prevent poverty, exclusion and vulnerability, create conditions conducive to good health and to employment, safeguard human rights and support internal stability.

• In the prevention of social exclusion the most important factor is to safeguard high employment. There should be a sufficient and extensive social security for all citizens as well as good social and health services.

• Strong measures need to be taken to forestall health problems due to lifestyle choices. Major challenges include the use of drugs, smoking, unhealthy eating habits, mental health problems and limited mobility.
• The number of active years in citizens’ lives should be increased. Work life should be improved so as to promote the preservation of working and functioning capabilities. All decision-making should support private initiative by elderly people and the preconditions for a good quality of life.

3.5 Joint responsibility and corporate social responsibility

• Business and industry should be encouraged to shoulder their corporate social responsibility so that companies voluntarily integrate social and ecological considerations in their activities, in co-operation with their various groups of stakeholders. There should be support to the introduction, in companies, of a reporting model for internationally recognised responsible business and industry.

• Companies should be aware of how their activities, and increasingly also their products, influence sustainable development. It is particularly important that public procurement and the production of public services function in accordance with these principles.

• The international status and the coherence of external relations of the European Union should be furthered while acting for sustainable development in the United Nations and the international financing institutions. At present, the voice of the EU does not correspond with its potential.

• In accordance with the UN Millennium Goals and the Johannesburg resolutions, we should commit ourselves to a comprehensive policy towards halving poverty. We should also take action to promote a sustainable forestry and to establish globally the sustainable use and protection of natural resources. We should promote equality and work actively to fight contagious diseases, especially HIV/AIDS, malaria and tuberculosis.

3.6 Innovation and education

• There should be active participation by schools and training institutions in local co-operation for the living environment. The curricula for schools and training institutions should increasingly take into consideration the social and economic dimensions of sustainable development, in addition to ecological sustainability. International co-operation should be continued, for instance, within the framework of the Baltic 21 programme.

• More attention should be paid to safeguarding cultural variety and the variety of the architectural heritage.
All human activities should incorporate the principle of sustainable development. The main purport for sustainable development is to generate welfare for people and for the environment, and in order to assess progress it is necessary to improve further the indicators used and to work for international harmonisation of the concepts.

The environmental, economic and socio-cultural dimensions of sustainable development should be taken into account in a balanced manner. Particularly, the socio-cultural dimension was highlighted at the Johannesburg summit. The major single challenges at the international level, with regard to sustainable development, are poverty and quality of life.

From the social viewpoint, Finland’s main problem areas are long-term unemployment and the ageing of the population. Similarly, social insecurity and exclusion continue to be problems, and also domestic violence, mental health problems, drug use and poor health owing to lifestyle choices.

We are only beginning to clarify the relations between economic and ecological sustainability. While stressing the need for economic growth we have to realise that it can only take place within the margins set by the environment. Our excessive per capita consumption of natural resources must be halted. Our present welfare model is based on this high consumption of natural resources, and on the global scale such a state of affairs cannot continue. On the other hand, we need new innovative technological solutions for the use of energy and materials, supporting the realisation of eco-efficiency and dematerialisation. It is necessary to immediately take steps to change our production and consumption patterns.

In promoting the participation of citizens, Finland may become an international leader by means of further development of electronic services and transactions and increased public participation in decision-making.

A regionally unbalanced development may destroy the foundations for a stable economy. However, the preconditions for welfare also display regional variations, and the management of a local and regional sustainable development continues to demand efforts in order to strengthen the welfare, functions and sound ways of life among citizens, in communities, and nationwide. The aim is a high quality of life and a sound, safe and pleasant living and working environment everywhere in Finland. Sustainable solutions in land use policy and traffic policy also contribute to this end, as does far-sighted and interactive participatory planning.

We consequently need voluntary activities and contributions from different actors, improved selection of alternatives and channels of influence, and new instruments suitable for the market economy, both in Finland and on the international level. In the development of new instruments the key issue is “new rules of the game”, which are also adhered to by all parties. Adhering to the rules cannot only be based on economic and other sanctions. Citizens and organisations have to realise that, in the long run, it is in their proper interest to hold on to the rules pertaining to sustainable development. Broad interchange and broad participation by the civic society in the processes of sustainable development have to be maintained and extended so that Finland can offer a model example for other countries, too.
This report describes progress made towards sustainable development in Finland over the last two decades. It also presents problem areas and future challenges in regard to sustainable development in Finland. The findings of the report are based on the evaluation of the Finnish Government’s programme for sustainable development.

The Finnish Government’s programme for sustainable development was presented in 1998, and the implementation rests with the ministries and public administration. Six other parties also drafted their own sustainable development programmes: the Central Union of Agricultural Producers and Forest Owners (MTK), the Confederation of Finnish Industry and Employers, the Federation of Finnish Commerce and Trade, the Association of Finnish Local and Regional Authorities, the Sámi Parliament in Finland, and non-governmental organizations (represented by the Finnish Association for Nature Conservation). These parties also participated in the evaluation process.

The Programme subcommittee of the Finnish National Commission on Sustainable Development guided the evaluation process, and Mr. Pekka Patosaari, an external consultant, compiled the evaluation report. The work was based on reports and self-evaluation from different branches of the administration and the other interested parties, and the material was supplemented on the basis of other comments and statements. The evaluation was a two-year process, and the final report was handed over to the Commission on 4 December 2002.

Keywords
Sustainable development, programme for sustainable development
The Finnish Environment 645

Tiivistelmä

Kestävän kehityksen kokonaisarvion tiivistelmässä kuvataan Suomen hallituksen kestävän kehityksen ohjelman arviointiprosessia ja kestävän kehityksen edistymistä Suomessa. Raportissa nostetaan myös esiin kestävän kehityksen tärkeimmä ongelma ja tulevaisuuden haasteita.


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Denna rapport beskriver vilka framsteg Finland gjort i fråga om hållbar utveckling. Rapporten beskriver också problemområden och kommande utmaningar som lyfts fram i utvärderingen av regeringens program för hållbar utveckling.


Evaluation of sustainable development in Finland - Summary
(Utvärdering av Finlands hållbara utveckling)