

LEGISLATURE: Unicameral

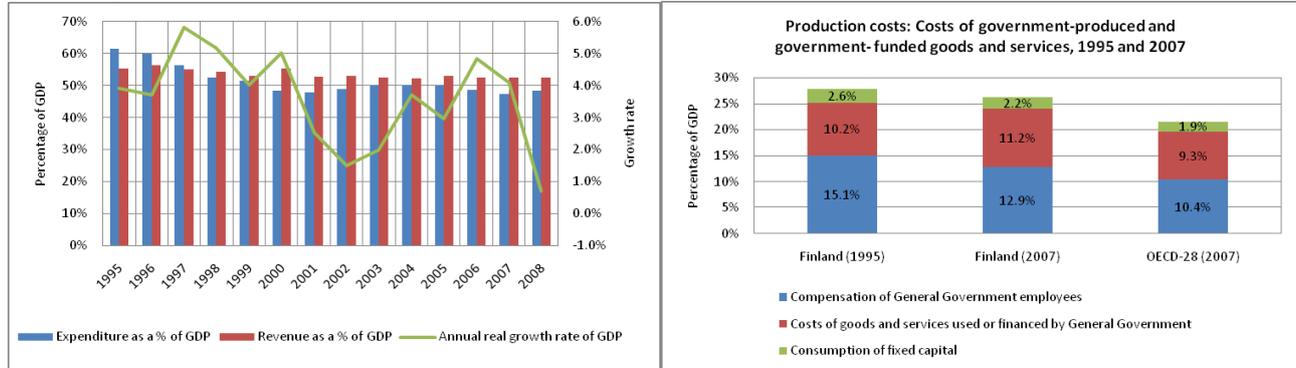
- Upper house: none
- Lower house: elected using Proportional Representation

SYSTEM OF GOVERNMENT: Dual executive

- No. of ministries: 12 (2008)
- No. of ministers: 20 (2008)

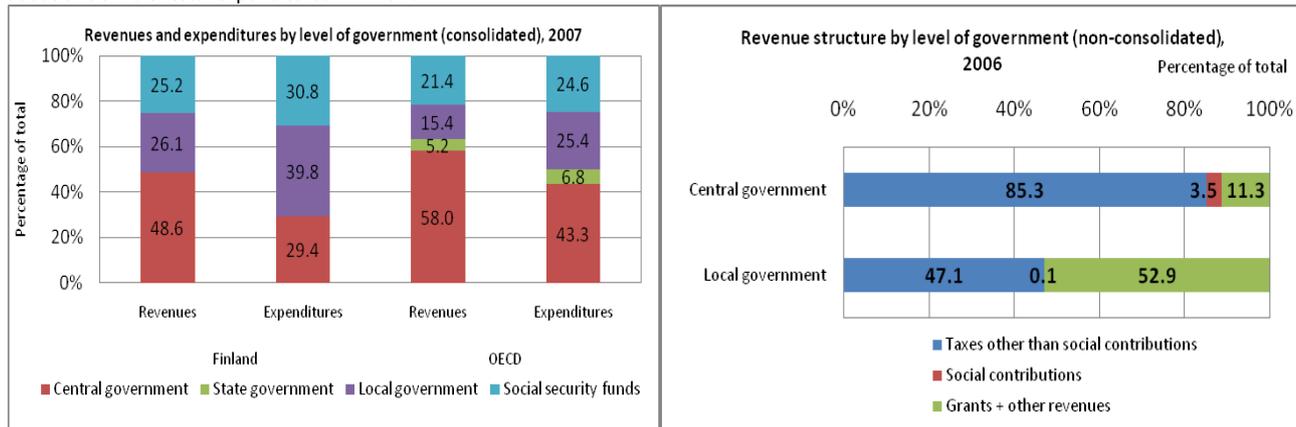
STATE STRUCTURE: Unitary

Revenues have been over 50% and expenditures near 50% of GDP for the past decade. Since 1998, the government operated at a surplus as revenues exceeded expenditures. While still higher than other OECD countries, production costs as a share of GDP decreased between 1995 and 2007, mainly due to GDP growth.



Source: OECD National Accounts. [Revenues] [Expenditures] [Production costs]

Central government collects roughly half of total revenues but accounts for less than one third of expenditures, indicating that local governments play a large role in public service delivery. A large portion of the taxes collected at by the central government are transferred to local governments and social security funds. Social security funds account for a larger proportion of total expenditures than average among OECD countries, representing about one third of total expenditures in Finland.



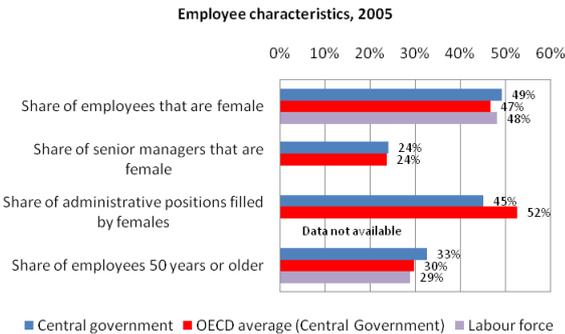
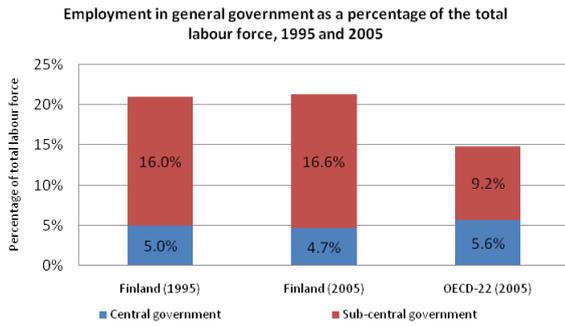
Source: OECD National Accounts [Revenues] [Expenditures]

The overall structure of expenditures in Finland differs slightly from the OECD average, with a larger proportion of resources directed towards social protection programmes. The Finnish central government spends a large proportion of resources on general public services and, as in most OECD countries, is responsible for defence and public order and safety. Local governments spend most resources on individual services, including health, education and social protection.

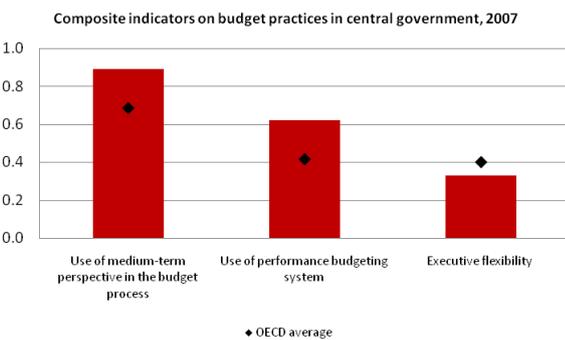
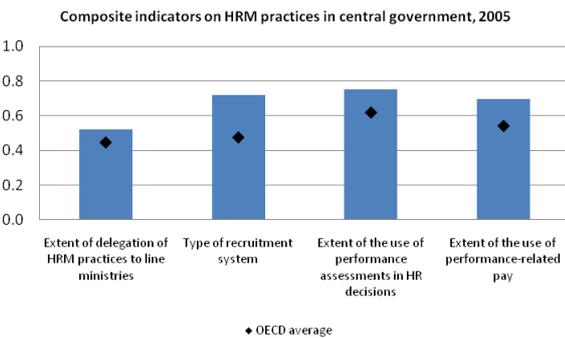
Expenditure structure by function of government (non-consolidated), 2006 Share of total	Finland			OECD-26	EU-19
	Central government	Local government	General government	General government	General government
General public services	20.7%	13.8%	13.3%	13.8%	13.9%
Defence	6.1%	0.0%	3.1%	3.4%	3%
Public order and safety	4.2%	2.2%	3.0%	3.8%	3.7%
Economic affairs	13.9%	6.1%	9.3%	10.6%	10.1%
Environment protection	0.8%	0.7%	0.7%	1.7%	1.5%
Housing and community amenities	0.6%	0.7%	0.6%	2%	1.9%
Health	10.5%	28.7%	13.9%	15.1%	14.1%
Recreation, culture and religion	1.6%	4.3%	2.3%	2.6%	2.5%
Education	13.4%	19.9%	12.0%	12.9%	11.6%
Social protection	28.3%	23.7%	41.8%	34.2%	37.7%

Source: OECD National Accounts [General government] [Central, state and local]

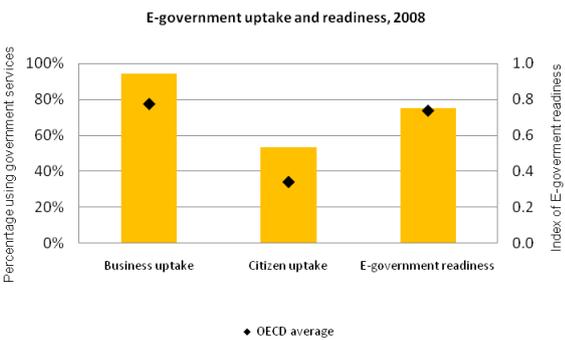
GOVERNMENT EMPLOYMENT: SIZE AND CHARACTERISTICS



COMPOSITE INDICATORS: PUBLIC MANAGEMENT PRACTICES



E-GOVERNMENT



In 2005, around 21% of the total Finnish labour force worked for the government, a much larger portion than average among OECD countries. The share of the labour force employed by government remained roughly the same between 1995 and 2005. However, the Finnish government plans to reduce staff through its on-going productivity programme, which aims to decrease the number of public personnel at a rate of 2% per annum. Government employment in Finland is highly decentralised, with more than 75% of staff employed at the local levels of government.

Source: OECD Comparison of Employment in the Public Domain Survey and Labour Force Survey

[\[General government employment\]](#) [\[Distribution by level\]](#)

Females are represented roughly equally in the central government workforce and in the general labour force. Within central government, females are much better represented in administrative positions than in senior managerial posts, as is the case in all OECD member countries. An ageing workforce remains a challenge in terms of government's ability to maintain capacity and continuity, but also provides an opportunity to reform positions and recruit staff with different skill sets.

Source: OECD Strategic HRM Survey and Labour Force Survey

[\[Female participation\]](#) [\[Ageing\]](#)

In Finland, the central government operates an open, position-based recruitment system. Posts below senior management and even some senior management positions are open to external recruitment, and applicants apply directly to a specific post. There is a high degree of delegation of HRM decision making to line ministries. State operating units are independent and responsible for developing and implementing their own personnel policy strategies, including determining the number of staff, recruitment policies, personnel development and salaries. Performance assessments are commonly used in HR decisions as is performance-related pay. In Finland, the status of senior civil servants is regulated by the civil service legislation and does not differ in any substantial way from the rest of the civil service. The differences relate to a separate mechanism for setting salaries, some specific development programs and joint forums as well as particular guidelines for the development of the senior civil service issued by the government.

Source: OECD Strategic HRM Survey

[\[Delegation\]](#) [\[Recruitment\]](#) [\[Performance management\]](#)

Among OECD countries, Finland has taken the most steps to use performance information in the budgeting process and is also a leader among countries in its development and use of a medium-term (4 year) perspective. Performance budgeting was first introduced in select ministries in 1988 and subsequently expanded to the whole public sector in 1995. Targets are formulated by government as part of their coalition agreements for their term in office. Managers in the executive have relatively less flexibility to adjust budgeted resources. For example, ministers must obtain legislative approval before reallocating funds between line items. Agencies have, however, received one appropriation for all their operating expenditures since the mid 1990s.

Source: OECD International Budget Practices and Procedures Database

[\[Medium-term\]](#) [\[Performance budgeting\]](#) [\[Executive flexibility\]](#)

OECD Journal on Budgeting: www.oecd.org/gov/budget/journal

Overall, Finland exhibits a high-degree of e-government readiness and is a leader among OECD countries in business' use of e-government services. Likewise, significantly more citizens use e-government services in Finland than in many other OECD countries. All core services are available on line via the national portal.

Source: United Nations E-Government Readiness Knowledge Base, Eurostat.

[\[Readiness\]](#) [\[Uptake\]](#)

[\[OECD E-Government Publications\]](#)

INTEGRITY

Types of information central government decision makers are required to disclose and level of transparency, 2009

Requirements for disclosure	President	Prime Minister	Minister	Lower House Legislators
Assets and liabilities	ND	DP	DP	ND
Loans	ND	DP	DP	ND
Sources and level of income	ND	DP	DP	ND
Outside positions	ND	DP	DP	ND
Gifts	ND	ND	ND	ND
Previous employment	ND	ND	ND	ND

D= Disclosed; DP= Disclosed and publicly available; ND= Not disclosed; NA= Not applicable.

Unlike many other OECD countries, Finland requires disclosures from members of the executive but does not require disclosures for members of Parliament. Finland requires key elected officials from the executive to disclose and make publicly available their financial interests and any outside positions that they may hold. However, there is no legislation concerning declarations for members of Parliament in Finland. Disclosure is voluntary for MPs, and whatever information is declared is made public. While decision makers in the executive are not required to formally disclose previous employment, Finland has taken steps to address potential conflicts of interest in the movement of employees between the public and private sectors (the “revolving doors” phenomenon) by issuing guidance on post-public employment in 2007. Although disclosures are not required for the President, Finland stands out among other OECD countries as having begun to require that officials in the judiciary (particularly judges) disclose some private information (not depicted in table).

Source: OECD Survey on Integrity

[Disclosures](#)

REGULATORY MANAGEMENT

Requirements for Regulatory Impact Analysis (RIA) processes used by central governments

	2005	2008
Quality reviewed by body external to Ministry preparing rules	No	No
Required for draft primary laws	Always	Always
Required for draft subordinate regulations	Always	Always
Required to quantify costs	Always	Always
Required to quantify benefits	Always	Always
Required to publicly release results	Always	Always

The 2005 and 2008 surveys of Indicators of Systems of Regulatory Management examined the extent of governance practices designed to improve the quality of regulation in OECD countries. Among the most important practices are: the use of regulatory impact analysis (RIA) to assess the cost and benefits of new regulation and the institutional oversight of the quality of regulations; and the design of programs to reduce the costs of administrative activities on business and citizens.

Extent of programs for reducing administrative burdens at the central level of government

	1998	2005	2008
Explicit programme exists	No	No	No
Includes quantitative targets	N/A	N/A	N/A

Finland has a long history of using impact analysis, having first implemented a programme in the late 1970s. A comprehensive RIA model has been developed that brings together individual impact assessment models in a wide range of areas, including on regions, gender and poverty. Finland has also recently developed an action plan for reducing administrative burdens on businesses for 2009-2012. Greater efforts are being made to ensure that new regulations do not create any additional unnecessary administrative costs for business. Work is also underway to increase and improve the capacity of staff responsible for drafting legislation.

Source: OECD Survey on Regulatory Management.

[\[RIA\] Administrative simplification](#)

Regulatory Management Indicators: www.oecd.org/regreform/indicators

EU 15 reviews on Regulatory Reform: www.oecd.org/gov/regref/eu15

Background reports on Regulatory Reform: www.oecd.org/regreform/backgroundreports

Production costs are a subset of total government expenditures, excluding government investment (other than depreciation costs), interest paid on government debt and payments made to citizens and others not in exchange for the production of goods and services (such as subsidies or social benefits). Production costs include compensation costs of general government employees, the costs of goods and services produced by private entities funded by government (intermediate consumption and social transfers in kind via market producers), and the consumption of fixed capital (indicating the level of depreciation of capital).

Structure of government expenditures: Data on expenditures are disaggregated according to the Classification of the Functions of Government (COFOG), which divides government spending into 10 functions. More information about the types of expenditures included in each function can be found in Annex B of *Government at a Glance 2009*.

Employment characteristics: The OECD averages refer to the following number of countries:

- Share of employees that are female: OECD-23
- Share of senior managers that are female: OECD-22
- Share of administrative positions filled by females: OECD-17
- Share of employees 50 years or older: OECD-25

HRM Composites: The indexes range between 0 (low level) and 1 (high level). Details about the theoretical framework, construction, variables and weighting for each composite are available at: www.oecd.org/gov/indicators/govataglance.

- **Delegation index** gathers data on the delegation of determining the number and types of posts needed in an organization, compensation levels, position classification, recruitment and dismissals, and conditions of employment. This index summarises the relative level of authority provided to line ministries to make HRM decisions. It does not evaluate how well line ministries are using this authority.
- **Type of recruitment system index** includes policies for becoming a civil servant in general (*e.g.* competitive examination or direct application) and for recruiting senior civil servants, and systems for appointing entry-level positions and for allocating posts across departments. This index describes a spectrum of recruitment systems in place in OECD member countries. Countries scoring closer to 0 have career-based systems whereas countries scoring closer to 1 have more position-based systems. The index does not evaluate the performance of difference systems.
- The **performance assessment index** indicates the extent to which it is used in career advancement, remuneration and contract renewal decisions, based on the views of survey respondents. This index provides information on the formal use of performance assessments in central government, but does not provide any information on its implementation or the quality of work performed by public servants.
- The **performance-related pay index** looks at the range of employees to whom PRP applies and the maximum proportion of base pay that PRP may represent. This index provides information on the formal use of performance related pay in central government, but does not provide any information on its implementation or the quality of work performed by public servants.

Budget Composites: The indexes range between 0 (low level) and 1 (high level). Details about the theoretical framework, construction, variables and weighting for each composite are available at: www.oecd.org/gov/indicators/govataglance.

- The **medium term budget perspective index** contains information on whether countries develop and present multi-year expenditure estimates in the annual budget, the number of years the estimate covers, how often estimates are updated; and whether there are multi-year targets or ceilings and how often these are revised. This index measures the extent to which countries have developed a medium-term perspective in their budget process. However, it does not evaluate whether this perspective has been effective at achieving budget outcomes such as fiscal discipline and allocative efficiency.
- The **performance budgeting index** contains information on what type of performance information is developed; the processes for setting goals and targets; the process for monitoring and reporting on results; and if and how performance information is used in budget negotiations and decision making processes by key actors including the central budget authority, the line ministries and politicians. This index examines the degree to which OECD member countries have put a performance budgeting system in place. However, it does not measure how successfully these systems operate in practice.
- The **executive flexibility index** contains the following variables: the extent to which lump sum appropriations are used; the number of line items in the budget; agencies' ability to carry-over unused budget allocations between years, borrow against future appropriations, reallocate between line items and keep efficiency gains; and constraints on the executive's ability to increase spending during budget execution. This index looks at the different levels of flexibility provided to the executive during budget execution. However, it does not measure whether this flexibility is used effectively or appropriately.

E-Government:

- The **UN e-government readiness index** ranges between 0 (low level) and 1 (high level). It measures the capacity of governments to implement and develop e-government services. Developed within the framework of the UN global e-government survey, the indicator consists of three sub-indices: (1) the web measure index, (2) the telecommunication infrastructure index and (3) the human capital index. The web measure index ranks countries based on the coverage, sophistication and availability of e-services and e-products. The index categorizes countries as having either an emerging, enhanced, interactive, transactional, or networked e-government presence. The telecommunication infrastructure index is a weighted average of 5 measures of ICT infrastructure capacity: PCs/100 persons, Internet users/100 persons, Telephone lines/100 persons, Broad-banding/100 persons and Mobile phones/100 persons. The human capital index is a weighted average of the adult literacy rate (two-thirds weight) and the combined primary, secondary and tertiary gross enrolment ratio (one-thirds weight).
- The e-government take-up by citizens indicator measures the percentage of individuals (aged 16-74) who used the Internet to interact with public authorities in the 3 months preceding the survey. Data are collected through Eurostat's annual Community Survey on ICT Usage in Households and by Individuals, and are only available for European countries.
- The e-government take-up by businesses indicator measures the percentage of enterprises using the Internet to interact with public authorities. Only businesses with 10 or more employees are included. Data are collected by national statistical offices based on Eurostat's annual Model Survey on ICT Usage and E-commerce in Businesses.