

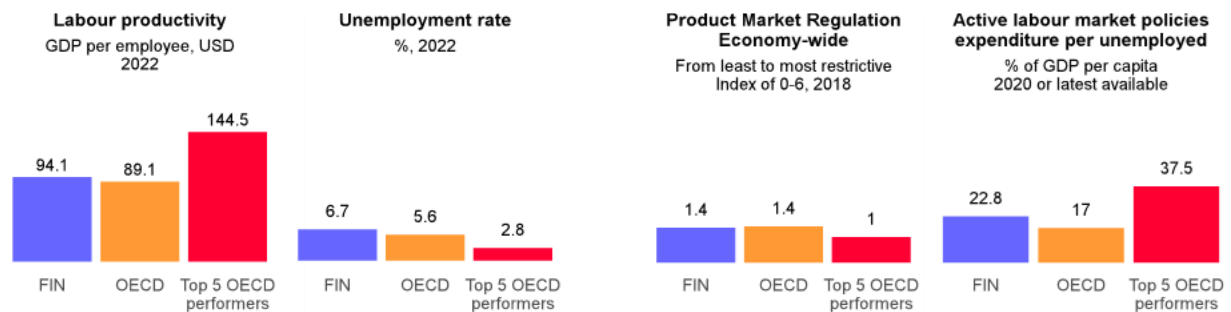


Performance gaps

Recommendations

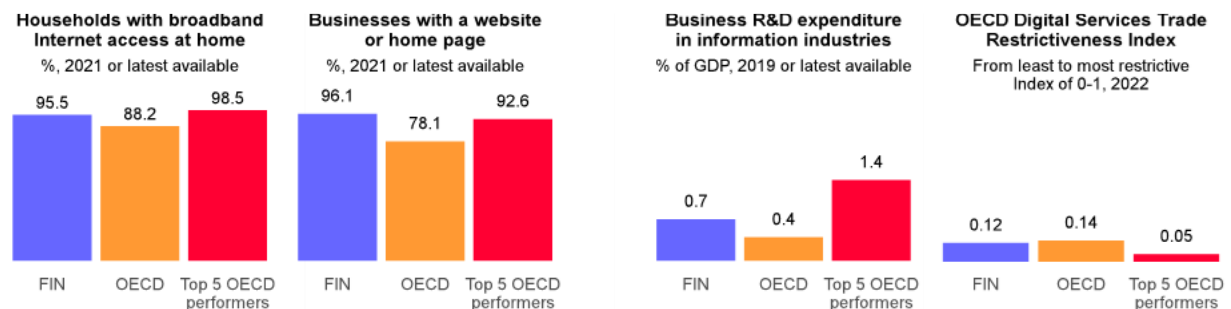
Product and labour markets functioning

- Skills mismatches have increased over time and are greatest in non-cyclical (e.g. health) professions. Shortages of study places in higher education institutions reduce tertiary education attainment, contributing to skills shortages.
- Firms that are not members of the employer association that negotiated the sectoral wage agreement are by law forbidden from using the enterprise-bargaining flexibility clauses, weighing on employment and productivity.
- Increase tertiary study places and their funding while enhancing flexibility in their allocation across study fields to address structural skills shortages.
- Set broad framework conditions in sectoral wage agreements but allow for more flexibility in all firm-level contracts.



Digital transition

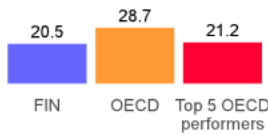
- Government use of digital technologies is held back by low use of data to drive decision making.
- ICT investment as a share of GDP is low, held back by shortages of skilled workers.
- Establish better data governance, access, sharing and re-use mechanisms to improve decision making and service delivery.
- Increase tertiary attainment, skilled work-based immigration and spending on training to equip displaced workers with needed skills.



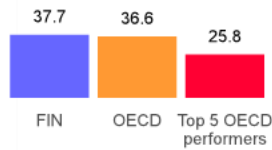
Inclusiveness, social protection, and ageing

- Incentives to improve efficiency in the healthcare and social-care reform appear to be too weak to encourage the new organisations responsible for delivering healthcare, and social-care services to implement measures that would lead to efficiency gains.
- The generous homecare allowance discourages work by mothers with young children, long absences from the labour force negatively affecting their career prospects and earnings mobility.
- Monitor the healthcare and social-care reform and strengthen incentives to improve efficiency if they prove to be too weak.
- Reduce the homecare allowance and increase formal care subsidies to increase incentives for mothers of young children to work.

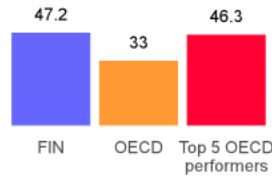
Mean poverty gap after taxes and transfers
Line at 60% of median disposable income 2021 or latest available



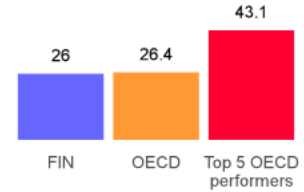
Impact of socioeconomic background in PISA reading score
%, 2018



Strength of redistribution
Differences in Gini coefficients between market & disposable income relative to coef. on disposable income %, 2021 or latest available



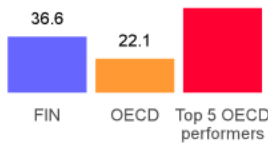
Income levels provided by cash minimum-income benefits
% of median disposable income, 2021 or latest available



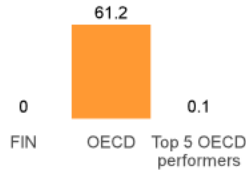
Climate transition

- The forestry and other land use net sink is not on track to meet Finland's share of the 2030 EU target for this sector and to achieve the net zero emissions target by 2035. The cultivation of peatlands emits 16% of total greenhouse gas (GHG) emissions.
- Heat production is subject to a much lower energy tax rate when using peat (12% of GHG emissions) than when using other fossil fuels.
- Additional measures are needed to reduce car dependency in cities.
- Create instruments to guide the cultivation of peatlands towards cultivation of wetted peatlands.
- Subject forestry to carbon pricing.
- Subject heat production using peat to the same tax regime as for other fossil fuels.
- Strengthen policies to reduce car dependency in cities, while focusing funding for low-carbon private cars in areas without public transport.

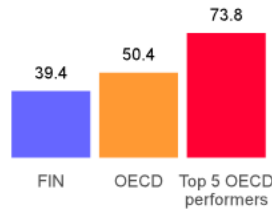
Share of renewables in the energy mix
%, Average over 2019-21 or latest available



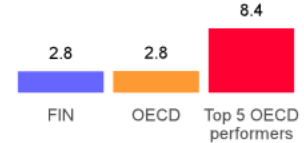
Share of population exposed to more than 10 µg/m3 of PM2.5
%, Average over 2017-19



Carbon pricing score
%, at EUR 30 per tonne CO2, 2018



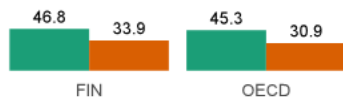
Environmentally-related government R&D budget
% of total government R&D 2021 or latest available



Overall performance

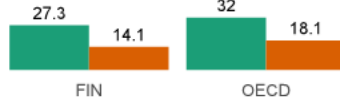
Economy

Thousands USD per capita 2022 or latest available
Gross Domestic Product
Household gross adjusted disposable income



Inequality and poverty
2021 or latest available

Gini coefficient after taxes and transfers (index of 0-100)
Poverty rate, line at 60% of median disposable income (%)



Environment and climate
1 unit of GDP, 2021

0.19 GHG emissions
0.24 (OECD)

Welfare cost of premature deaths due to ambient particulate matter
% GDP equivalent, 2019





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