

MAP OF FINLAND



1. General policy context: framework for the knowledge society

1.1. Political and administrative structure

Finland is a republic which became independent 1917. Finland's republican constitution dates from 1919. It was renewed 1999.

Finland is a parliamentary democracy with a multi-party system. Legislative power rests in the unicameral parliament (*eduskunta, riksdag*) of 200 members elected for a four-year term. The government is appointed by the president, who is elected by direct, popular vote for a term of six years. In 2006 Ms Tarja Halonen was re-elected as president of the country.

Finland is one of the biggest countries in Europe (338 000 km²). The country is divided into six provinces (*lääni, län*), 15 regions and 432 municipalities. One of the provinces, the Åland islands, consists of more than 6 500 islands and skerries, and has an autonomous status. The islands have their own parliament (*maakuntapäivät, lagting*) and government (*maakuntahallitus, landskapsregering*). The population of the Åland islands is approximately 26 000 inhabitants.

Finland has been a member of the European Union since 1995 and was among the 12 countries to form the European Monetary Union in 1999.

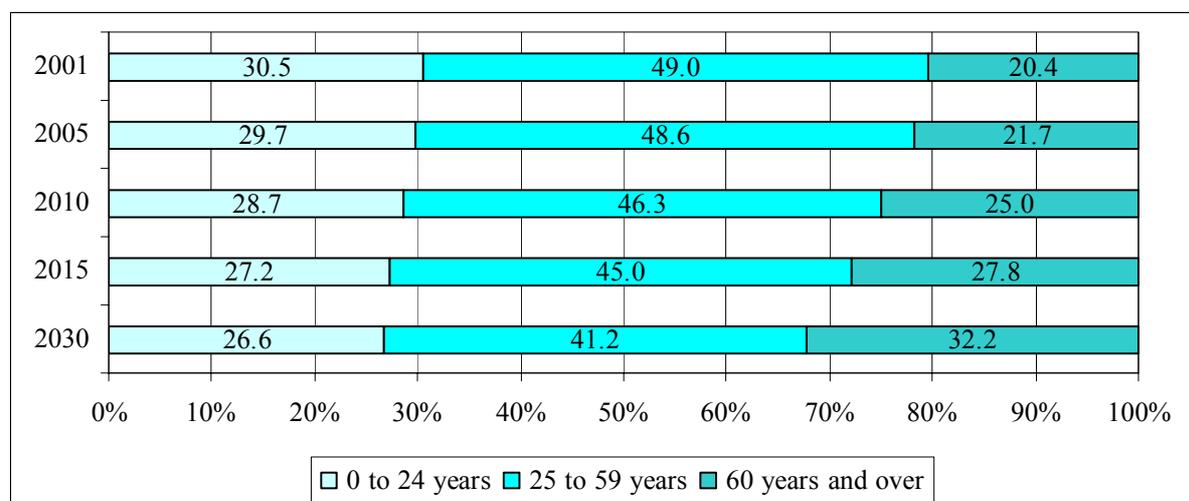
1.2. Population and demographics

Finland's population of 5.2 million is divided into three language groups. Around 92 % speak Finnish; the Swedish-speaking minority comprises about 6 % of the total; and the Sámi-speaking minority 0.03 %. There are two official languages in the country, Finnish and Swedish, except for the Åland islands where the official language is Swedish. All public services, including education, are available to Finnish citizens in their mother tongue (Finnish or Swedish).

Statistics Finland (*Tilastokeskus, Statistikcentralen*), the national agency for statistics, has forecast that the population will remain above five million at least until 2030. The proportion of the working-age population will continue to increase for some years but before year 2010 it will begin to decrease rapidly. In 2020 almost one fourth of the population will be over 65 (see Figure 1).

Finland has relatively few immigrants, circa 1.9 % of the population. The biggest group of these come from the former Soviet Union. Approximately one fifth of the immigrants come from the EU.

Figure 1: Population by age group in 2001, 2005 and forecasts for 2010, 2015 and 2030 (in %)



Source: Statistics Finland, 2006.

1.3. The economy and the labour market

The economy and welfare have grown steadily in Finland since independence until the 1990s, except during the depression in the 1930s and the Second World War. In the 1950s, trade with the Soviet Union had a significant impact on the development of export industries. First the war indemnities to Soviet Union and then the bilateral trade relations with it meant a rapid increase in industrial activity in Finland. In the 1980s growth was stable but, at the beginning of the 1990s, the Finnish national economy was hit by the worst depression since the war. The growth of GDP in recent years has been faster than in the EU in general (see Table 1).

Table 1: Real GDP growth rate in Finland, EU-15 and EU-25 for 1996, 2000, 2005 and 2006 (percentage change on previous year)

	Finland	EU-15	EU-25
1996	3.7	1.6	1.7
2000	5.0	3.9	3.9
2005	1.5	1.5	1.6
2006 (*)	3.5	2.0	2.1

GDP: Gross domestic product.

(*) Forecast.

Source: Eurostat. European system of accounts (ESA 1995), 2005.

Finland has the industrial structure of a modern knowledge-based society. The proportion of agriculture and manufacturing has declined and, in the last two decades, electronics has become the success story of Finnish exports. Its growth in the 1990s is mainly based on mobile phones and other telecommunication equipment. Three major export sectors today are

electronics, metal and engineering, and wood and paper. The last is the traditional basic industry in Finland (see Table 2).

Globalisation has meant a big challenge for Finnish industry, with a tendency to move production to countries where labour expenses are lower. This tendency exists both in electronics and in the paper industry.

Table 2: *Number of persons employed by sector of the economy with breakdown by gender (in %)*

		Agriculture	Industry	Services
1991	Men	11.0	40.7	48.4
	Women	6.6	16.0	77.4
	Total	8.9	28.7	62.4
1996	Men	9.5	39.4	51.0
	Women	5.3	13.9	80.9
	Total	7.5	27.3	65.2
2001	Men	7.5	39.4	53.1
	Women	3.7	13.8	82.5
	Total	5.7	27.2	67.1
2003	Men	6.7	38.1	55.2
	Women	3.0	12.4	84.6
	Total	4.9	25.7	69.4

Source: Statistics Finland, 2006.

In early 1990, Finland went into deep depression and unemployment rose rapidly to almost 20 %. Since mid-1990, unemployment decreased. In 2005, the unemployment rate (8.4 %) was little below EU-25 average (8.7 %). However, youth unemployment is still relatively high (20.1 %). Employment has increased as unemployment has declined (see Table 3 and Table 4).

Table 3: *Total unemployment rate and unemployment rate by gender and for population under 25 in Finland, EU-15 and EU-25 in 1995, 2000 and 2005 (in %)*

	Finland				EU-15				EU-25			
	Female	Male	Total	15-24	Female	Male	Total	15-24	Female	Male	Total	15-24
1995	15.1	15.7	15.4	29.7	12.0	8.7	10.1	21.1	:	:	:	:
2000	10.6	9.1	9.8	21.4	9.3	6.4	7.7	15.3	10.2	7.4	8.6	17.4
2005	8.6	8.2	8.4	20.1	8.9	7.0	7.9	16.7	9.8	7.9	8.7	18.5

(:) Not available.

NB: Unemployment rates represent unemployed persons as a percentage of the labour force.

Source: Eurostat. EU Labour Force Survey, Eurostat database, 2006.

Table 4: Employment rates (15 to 64 years) in Finland, EU-15 and EU-25 by gender in 1995, 2000 and 2005 (in %)

	Finland			EU-15			EU-25		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
1995	59.0	64.2	61.6	49.7	70.5	60.1	:	:	:
2000	64.2	70.1	67.2	54.1	72.8	63.4	53.6	71.2	62.4
2005	66.5	70.3	68.4	57.4	72.9	65.1	56.3	71.3	63.8

(:) Not available.

Source: Eurostat. EU Labour Force Survey, Eurostat database, 2006.

1.4. Educational attainment

One of the main policy aims over the decades has been to give everyone the opportunity to study to achieve the best use of human resources for the nation. In international comparisons, the level of education of the Finns is relatively high. In 2003, among the countries participating in PISA, Finland had the lowest ratio of low-achievers in reading literacy aged 15 (5.7 %; EU-average: 19.8 %) ⁽⁴⁾. Almost 90 % of the group aged 25-34 had attained at least upper secondary education. The so-called big age cohorts, born after the Second World War, had fewer opportunities to continue after compulsory education, with 55 % of the group aged 55-64 failing to progress beyond basic education (see Table 5).

Table 5: Educational attainment of the population aged 25 to 64 by ISCED level in Finland and selected EU Member States in 2005 (in %)

Country	ISCED 0-2	ISCED 3-4	ISCED 5-6
Denmark	17	49	34
Finland	21	44	34
Estonia	11	56	33
Sweden	16	54	29
Spain	51	21	29
Germany	17	58	25
Italy	49	39	13

ISCED: International Standard Classification of Education. ISCED 0-2: pre-primary, primary and lower secondary education; ISCED 3-4: upper secondary and post-secondary non-tertiary education; ISCED 5-6: tertiary education.

The countries are listed by the percentage of their population educated to level 5 or 6.

Source: Eurostat. EU Labour Force Survey, Eurostat database, 2006.

⁽⁴⁾ <http://www.pisa.oecd.org>.

2. Education policy: objectives and priorities

Finnish society is built on knowledge and creativity plus values such as equity, tolerance, gender equality, responsibility for the environment and internationalisation. Everyone has an equal right to participate in education according to ability and in keeping with the principle of lifelong learning.

Every fourth year the government decides on future guidelines for education and training. This five-year plan forms the political basis for the development and reform of education in the coming years. The development plan Education and research 2003-08 (*Koulutus ja tutkimus 2003-08, Utbildning och forskning 2003-08*, see Annex 3) identifies the following priorities:

Improving the education system

- expand opportunities to study general and vocational subjects simultaneously in post-compulsory schooling;
- increase cooperation between polytechnics and universities and clarify their separate roles;
- develop adult education and training into a coherent system which can respond to the educational needs of adults and to labour market requirements;
- devise ways to recognise prior learning for all levels of education.

Content of education and training and methods of learning

- make educational content more relevant to the modern world taking into account the growing role of international cooperation and multiculturalism;
- enhance remedial teaching, special needs teaching and student welfare services to improve early intervention;
- promote entrepreneurship by improving links between education and working life, enriching teachers' and guidance counsellors' entrepreneurial knowledge, and ensuring better educational content and methods;
- improve the quality of work practice and work-based learning;
- provide more flexible options to maintain and improve the vocational skills of the working population;
- improve the teaching for guidance counsellors as well as for pupils with special educational needs and immigrants, and improve the use of information and communication technology in teaching.

Quantitative aims

- ensure that by 2015 the proportion of those aged 25-29 with at least secondary qualifications will rise from 85 % to at least 90 %; and that the share of those aged 30-34 with higher education will rise from 40 % to at least 50 %;
- provide opportunities for those completing secondary education to gain qualifications or degrees in initial vocational training;

- ensure that by 2008, 25 % of new polytechnic students and 2-3 % of new university students graduate through the basic education/initial vocational qualification track (see Chapter 4);
- ensure a better gender balance in vocational and general upper secondary education;
- provide post-compulsory education or training for all, so that by 2008 at least 96 % of comprehensive school-leavers begin in a general upper secondary school, in vocational education and training or in voluntary basic further education.

From August 2006, skills demonstrations (see 4.3.1.) will be incorporated into all qualifications completed in upper secondary VET as a way both to improve and assure the quality of training. Students will show how well they have achieved the objectives of their vocational studies and acquired the vocational skills required by the labour market. Skills demonstrations will run throughout the entire period of education and training and will be organised in cooperation with workplaces. The objective is to organise them in realistic work-like situations.

Another recent development is performance-based funding for education providers. After an experimental four-year period this has been integrated in 2006 into the normal unit funding system in accordance with the government bill (see 10.2.).