

POVERTY WATCH 2024

Is poverty in Finland caused by structural factors or practices?



*EAPN-Fin
30 years
against
poverty*





POVERTY WATCH
FINLAND'S POVERTY REPORT 2024
Finnish Anti-Poverty Network EAPN-Fin
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Warm thanks to everyone who participated in the making of this report.

Contents

Foreword	5
1. The Nordic welfare state system in Finland and the Finnish social assistance system.....	6
2. Legal perspective – the impact of fundamental and human rights on social security in Finland	8
3. Poverty in Finland	10
3.1. Child poverty	10
3.2. Poverty among the unemployed	11
3.3. Poverty among pensioners	14
3.4. Poverty among people with disabilities and chronic illnesses	16
3.5. Poverty among immigrants	16
3.6. Poverty predisposes individuals to substance use and health problems	18
4. Different perspectives on low income	20
4.1. Food aid as a supplement to insufficient social security	20
4.2. Problems caused by gambling	22
4.3. Participation	25
4.4. Digitalisation is not accessible to everyone	26
4.5. Informal care situations as an underrecognised social risk	28
4.6. Women’s perspective	28
4.7. Prisoners as social security recipients	29
4.8. Homelessness – the extreme form of poverty.....	31
5. Summary: The faces of Finnish poverty in 2024	32
6. Developments in EU policy	33
7. Recommendations from the EAPN-FIN Network.....	35

Foreword

In accordance with the mandate of the *European Anti-Poverty Network*, this *EAPN-Fin Poverty Watch Report* addresses Finland's poverty situation from a systemic and structural perspective. What is the basic social assistance scheme in Finland? What is the service system like? Are there gaps and structural problems in the system that create poverty? How could these issues possibly be corrected?

EAPN-Fin is part of the *European Anti-Poverty Network*. It is open to all organisations, groups and individuals fighting against poverty and social exclusion. A characteristic of the network is the inclusion of people with firsthand experience of poverty, both in Finland and elsewhere in Europe. The Finnish network comprises 50 member organisations or groups.

This report was compiled in collaboration with organisations belonging to the EAPN-Fin network. Experts from various organisations examined the topics in question from a systemic and structural perspective. The compilation and coordination of the report were overseen by **Larissa Franz-Koivisto**.

The purpose of the report is to provide additional information on poverty for decision-makers, experts and others interested in this topic. Like many other European

countries, Finland is experiencing a tightening economic situation and, as a result, budget cuts on various levels are being made to the conditions for and amounts of social security and benefits. These cuts affect the daily lives and finances of many people living in Finland. Perhaps for this reason, the report has particular significance this year, even though, at the time of writing, we were unable to yet fully assess the impacts of all the budget cuts. On the whole, it can be stated that these cuts will increase financial difficulties on the individual level and particularly complicate the lives of those who are already in a dire financial situation. Additionally, when we take into account general inflation and the rising costs of housing and living, it is likely that more and more people will have to calculate their income and expenses more precisely. Some people will also find themselves falling into a state of poverty. Poverty is a state of disadvantage compared to the standard of living of the rest of the population. It impairs an individual's ability to function as well as their opportunity to participate and consume as expected. In Finland, we are already seeing a level of material deprivation that endangers the fulfilment of basic biological needs and physical functionality.

At the end of the report, we have compiled recommendations based on these views.

1. The Nordic welfare state system in Finland and the Finnish social assistance system

Author: Larissa Franz-Koivisto, Master of Social Sciences, Secretary General of Caritas Finland

Finland's social and health care system is based on public social and health care services implemented with state support. In addition to the public sector, services are also provided by companies. Additionally, Finland has a wide range of social and health care organisations (a total of 108,000 organisations) that provide both paid and free services.

At the beginning of 2023, the responsibility for organising social and health care services as well as rescue services was transferred from municipalities and joint municipal authorities to wellbeing services counties. Since 1 January 2023, 21 wellbeing services counties, along with the City of Helsinki and the separate region of Åland, have been responsible for organising primary health care, social services, specialised medical care, oral health care, mental health and substance abuse services, disability services and housing services for the elderly.

The wellbeing services county acts as the organiser and primary provider of social and health care services. Municipalities cooperate with the wellbeing services counties in promoting wellbeing and health. Private operators and organisations provide services to complement public social and health care services.

The idea behind the change was for wellbeing services counties to centrally organise social and health care services for the municipalities

in the region. This means that individual municipalities will no longer bear the responsibility for their residents' social and health care services; rather, these services will be managed centrally through a larger organisation. This ensures that services will be more equitable and cost-effective for the residents of the region, provided that the administration is successfully reduced.

The next major administrative reform that will affect people's daily lives is the transfer of responsibility for organising public employment services from the state employment and economic development offices (TE Offices) to municipalities and municipal co-management areas as of 1 January 2025. This will create a total of 45 employment areas in Finland. The goal of transferring TE services from the State to the municipalities is to make the services more accessible and appropriate for residents.

Transferring the responsibility for employment services, municipal education services and economic development services to one organiser promotes the objective of faster employment. Municipalities have better opportunities to offer targeted services that meet the needs of the local labour markets. The reform also takes into account equal access to services. It also helps to safeguard the realisation of linguistic rights and services for those in a weak labour market position.

Changes and the impact of budget cuts on daily life

Major administrative reforms have caused many changes and unclear situations in people's daily lives. Social and health care service personnel are now working for different organisations, their offices and phone numbers have changed and, therefore, customers may not be able to find them or they may have difficulty finding appropriate help. At the same time, residents have gained access to services that were previously unavailable to them.

The new structures of the service system have led to change negotiations in both municipalities and wellbeing services counties, thereby resulting in personnel reductions. These reductions have primarily targeted administration and expert positions.

In Finland, social and health care organisations have been strong actors in complementing public services. However, according to the current Government Programme, state grants to organisations will be cut by approximately 100 million euro, which is one fourth of the support. This significantly affects the financial base of the organisations and the services provided by them. In particular, voluntary activities, peer support and various low-threshold services will likely be severely impacted. The cuts directly affect people in vulnerable positions. The impacts weaken citizens' wellbeing and participation, increase feelings of loneliness and exacerbate inequality in society.

The basic social assistance scheme in Finland

Social assistance is the last-resort financial aid for an individual or family intended to cover essential living expenses. A person or family residing or staying permanently in Finland can receive social assistance if their income and assets do not cover necessary expenses, such as food and housing. In principle, all available earnings and assets are considered to be income. Anyone temporarily staying in the

country is, however, entitled to emergency support to ensure essential subsistence and care in an urgent situation. Social assistance is intended as a short-term benefit to help overcome and avoid temporary difficulties and to promote independent living.

Social assistance consists of three parts:

- ▶ *basic social assistance*
- ▶ *supplementary social assistance*
- ▶ *preventive social assistance*

Basic social assistance is applied for through Kela. The right to basic social assistance is determined by calculating the applicant's or family's income, assets and expenses. In the calculation process, income includes all net income and assets available to the applicant or family. Net income refers to income after taxes. The basic amount of social assistance for a single person is €587.71 per month.

The basic amount of social assistance covers

- ▶ *food*
- ▶ *clothing*
- ▶ *minor healthcare expenses (e.g., over-the-counter medications)*
- ▶ *expenses related to personal and home cleanliness*
- ▶ *public transport*
- ▶ *newspaper subscriptions*
- ▶ *telephone and internet*
- ▶ *hobbies and recreational activities*
- ▶ *other comparable everyday expenses of the individual and family.*

The need for social assistance is monitored monthly, and the total amount varies according to the age and number of children.

The wellbeing services counties are responsible for supplementary and preventive social assistance, and organisations have separate criteria for these. Decisions are based on legislation, guidelines and the discretion of officials. Supplementary and preventive social assistance can help individuals or families cover specific expenses that are not covered by the last-resort social assistance granted by Kela.

2. Legal perspective – the impact of fundamental and human rights on social security in Finland

Author: Yrjö Mattila, Chairman of the Finnish Social Law Association

International human rights treaties, which Finland has ratified and committed to follow, set a minimum threshold for social insurance benefits and social assistance that cannot be undercut. However, these minimum standards have not been taken seriously enough in Finland. Finland has been found to be in breach of these treaties. In 2024, Finland's basic security falls below the minimum thresholds set by international treaties. This is particularly relevant to the UN International Covenant on Economic, Social and Cultural Rights (ICESCR) and the *European Social Charter*, but Finland has also received warnings from international monitoring bodies regarding compliance with the UN Convention on the Rights of the Child.

The *International Covenant on Economic, Social and Cultural Rights*, which deals with economic, social, and cultural rights, was adopted by the UN in 1966. Finland ratified the covenant in 1976 (Treaty Series 6/1976), and as a UN Member State, Finland is obligated to comply with this ratified covenant.

Article 11 of the ICESCR states as follows: *'The States Parties to the present Covenant recognize the right of everyone to an adequate standard of living for [themselves and their] family, including adequate food, clothing and housing, and to the continuous improvement of living conditions. The States Parties will take appropriate steps to ensure the realization of this right, recognizing to this effect the essential importance of international co-operation based on free consent.'*

Compliance with the ICESCR is monitored by the UN Committee on Economic, Social and Cultural Rights. In its latest report in March 2021, the Committee urged Finland to improve its social security and advised against making cuts. A particular point of concern mentioned by the UN Committee is the freeze on index adjustments for basic security benefits during 2015–2019, which resulted in the benefits lagging behind price developments. The Committee's observations have not been sufficiently considered in Finland's policies, and numerous cuts to social security were made in 2023–2024. Index adjustments for basic security benefits have been frozen again for 2024–2027 despite accelerating inflation and significant increases in food prices.

Finland joined the Council of Europe in 1989 and simultaneously declared adherence to the European Social Charter, which was revised in 1996. Finland ratified the Revised Charter in 2002 and informed the Council of Europe that *the provisions of the Revised Charter that fall within the scope of legislation are in force in Finland as law to the extent to which Finland has committed to it.*

The Social Charter sets minimum standards for the levels of basic security benefits and social assistance more clearly than the ICESCR (Articles 12 and 13 of the Charter). Since 2012, organisations have repeatedly complained to the European Committee of Social Rights that the amounts of Finland's social insurance benefits and assistance do not meet the obligations prescribed for Finland by the Social Charter.

The *European Committee of Social Rights* has accepted the complaints filed by organisations and found Finland to be in violation of Articles 12 and 13 of the Social Charter (Merits 88/2012, 108/2014, and 172/2018). In its latest decision (Merits 172/2018), made public in February 2023, the Committee noted that the level of basic security in Finland had been too low for a long time. It required the Finnish Government to submit a report to the Council of Europe by June 2025 on the fulfilment of the Charter's conditions. Ongoing developments in Finland indicate that it does not intend to comply with the Council of Europe's demand. Social security cuts have continued despite the Committee's decision published in February 2023.

When making social security cuts, Finland has not considered Article G of the revised Social Charter, which imposes significant restrictions on Member States that intend to make social security cuts. The Charter does not prohibit social security cuts, but compliance with the conditions of Article G is mandatory. Social security can only be restricted if the restrictions are necessary in a democratic society to protect the rights and freedoms of others or to safeguard public interest, national security, public health or morals. The conditions set by Article G have not been considered in Finland when making social security cuts.

Fundamental and human rights as well as the obligations set by international agreements have been given little attention in the implementation of social security in Finland. It was only in autumn 2024 that discussions began about the need for the Government to address the recommendations made by international monitoring bodies. Prior to this, the recommendations had not received attention in Finnish policy.

3. Poverty in Finland

3.1. Child poverty

Author: Aino Rukkila, MSc in Social Services, team leader of the A-Clinic Foundation's Osis project, Board Member of EAPN-Fin

According to a study by Save the Children Finland in 2023, 90% of children from low-income families felt that their families had difficulties managing expenses, 14% felt that their families did not have enough food and 30% had to quit their hobbies. Among these children, 87% were worried about their family's livelihood, 80% experienced stress and 64% felt that their mental health was poor (Lapsen ääni [Child's Voice] 2023, Save the Children Finland, 19 June 2024).

In 2023, about 7.5% of individuals belonged to households that experienced difficulties or great difficulties covering their regular expenses with their income. This percentage was significantly higher than in previous years. In 2022, it was 6.2%, and in 2021, approximately 5.9%. In 2023, 8.7% of all children lived in households experiencing difficulties or great difficulties in making ends meet. In 2021 and 2022, the percentages of children in such households were about 6.5% (Official Statistics of Finland, 18 June 2024).

In 2023, about 30% of families assessed their financial situation as either poor or moderate. This figure has returned from the level of 2021 to that of 2015, when around 30% of young people similarly assessed their financial situation as poor or moderate. At the same time, the number of children in households where the guardian reported severe or very severe financial difficulties began to rise in 2023 (Official Statistics of Finland (SVT), 19 June 2024).

Systemic perspective

Child poverty has been exacerbated by societal changes, government decisions and the establishment of wellbeing services counties on an already deficit budget. The changes do not sufficiently consider the diverse needs of families with children. Inadequate support measures further marginalise children already living in challenging situations. Cuts to child supplements in labour market subsidies, reductions of housing allowances and the necessary inclusion of monetary gifts received by children when applying for social assistance puts people at a heightened disadvantage and increases inequality. In the future, this will be reflected in society as increased marginalisation and related phenomena.

3.2. Poverty among the unemployed

*Author: Jukka Haapakoski, M.Soc.Sc.,
Executive Director, Finnish National
Organisation of the Unemployed*

The livelihood of an unemployed person is determined either by the labour market subsidy or basic daily allowance paid by Kela or by the earnings-related daily allowance paid by an unemployment fund. The right to unemployment benefit arises either when the employment condition is met or when business activities, full-time studies or a sickness allowance end. If, in these situations, there is a conflicting view between the authorities and the unemployed individual, that individual may face financial difficulties (e.g., support being cut while the situation is being investigated). The life situation or changes in the life situation of a spouse or cohabiting partner can also affect unemployment benefits (e.g., reduction of home care allowance from unemployment benefit) (<https://www.finlex.fi/fi/laki/ajantasa/2002/20021290#O1L1P7> – in Finnish).

An unemployed person must be available to the labour market, and the impact of voluntary work, for example, on one's ability to accept a job offer is being examined. Voluntary work can be considered full-time work, which may lead to the interpretation that the unemployed person is not available to the labour market, and thus support is denied. Unemployment benefits can also be received abroad for a limited time, but the right to unemployment benefits for foreigners is restricted. The benefit available to those in the financially weakest position is the labour market subsidy, which in 2024 amounts to an average of €800.20 per month minus 20% in taxes (net income: €640.20).

Systemic perspective

The unemployed person must themselves ascertain their right to unemployment benefits from employment authorities. Once the right is confirmed, they deal with either Kela or/and an unemployment fund. It is still currently the client's responsibility to determine which benefits they are entitled to. One basic problem with logging into a digital service may be its bureaucratic language. Uninformed responses may lead to the denial of unemployment benefits. For example, the unemployed person is obliged to apply for full-time work, whether they have a realistic chance of getting it or not.

Language skills should not be a significant issue in Finland. Although Kela primarily communicates using Finland's official languages, basic information is available in 17 different languages. The plan is, in the future, for Kela to provide a digital basic security proposal for clients as a means of ensuring that they receive the specific support they are entitled to. There is a 7-day waiting period for the basic unemployment allowance, which means that an unemployed person does not receive support for the first 7 working days of the unemployment period.

Once the conditions are met, the social security system runs quite smoothly, although there are also justified complaints about bureaucracy – especially if there are overlapping benefits. For example, basic social assistance, unemployment benefits and the housing allowance have different review cycles, which cause both computational and approval-related delays.

During **Sanna Marin's** government, the conditions for unemployment benefits were made more reasonable so that the first non-compliance with the obligations for unemployment benefits would result in a warning rather than being immediately considered a violation that warrants a 30-day suspension of benefits. However, Marin's government tightened the conditions for receiving support by requiring jobseekers to send 0–4 job applications each month, thereby increasing the risk of mistakes. Sometimes, disagreements arise between the unemployed jobseeker and the officer about what was agreed upon, and these situations are subject to appeals. The unemployed person's ability to amend an erroneous decision is weak if the officer is not willing to voluntarily remediate their decision through self-correction.

Employment in Finland is not easy for those who have been unemployed for a long time. Therefore, it is important to consider how well employment services function and whether the services are appropriately targeted. Over the years, funding for employment services has been cut – both in administration and in the services themselves. The role of organisations has been reduced, and efficiency has been sought by investing directly in companies.

An unemployed person has the right to a statutory health examination, but the communication between employment services and wellbeing services counties in all regions is insufficient, and the queues for health services can be long. Additionally, client charges for healthcare and social welfare raise the threshold for seeking services. Not all wellbeing services counties take advantage of Section 11 of the Act on Client Charges in Healthcare and Social Welfare, which allows for the reduction or waiver of client charges. In 2023, nearly 440,000 client charges for healthcare and social welfare were transferred to enforcement, and the unemployed are strongly represented among this group (<https://www.soste.fi/uutiset/soste-selvitti-ulosottoon-viime-vuonna->

[lahes-440-000-sosiaali-ja-terveyspalvelujen-seka-varhaiskasvatuksen-asiakasmaksua/](https://www.soste.fi/uutiset/soste-selvitti-ulosottoon-viime-vuonna-lahes-440-000-sosiaali-ja-terveyspalvelujen-seka-varhaiskasvatuksen-asiakasmaksua/) – in Finnish).

People with chronic illnesses have a frequent need for services. The charges of unemployed people in financial difficulties go directly from collection to enforcement, and these payments are not considered in social assistance. As a result, charges remain unpaid, and interest costs generate a huge additional amount. Dental healthcare is even more expensive for citizens than basic healthcare, and untreated poor oral health and infections can lead to serious and costly health problems for society.

The adequacy of the basic part of social assistance for a decent standard of living has been comprehensively investigated in the publication of the INVEST project carried out by the Finnish Institute for Health and Welfare (THL) and the University of Turku. The publication formulated a reference budget for expenses in 2022 that is consistent with the aforementioned expenses that are covered by social assistance.

When the cost-of-living index is applied, the index value has risen by 9.1% between the end of 2022 and July 2024 (from 113.4 to 122.5 based on 2015 reference values). For example, according to the reference budget, the minimum income for a single woman to have a decent standard of living in July 2024 was €680 per month. The example calculation does not take transportation-related costs into account. Both the basic part of the labour market subsidy and the basic part of social assistance fall below this amount.

The most glaring example of poverty among the unemployed is concretized in inequalities in wellbeing and health as well as in services. For example, in terms of mortality, the remaining life expectancy of a 25-year-old woman belonging to the highest-earning 40 per cent is about 61 years, while in the lowest fifth per cent, the life expectancy is almost five years less. For men, the corresponding difference is 9 years. The differences in Finland are internationally

significant (<https://thl.fi/aiheet/hyvinvoinnin-ja-terveyden-edistamisen-johtaminen/hyvinvointijohtaminen/hyvinvointi-ja-terveyserot#eriarvoisuus-hyvinvoinnissa-ja-terveydessä-on-paheneva-ongelma> - in Finnish).

The position of the unemployed has weakened due to systemic changes

Compared to the situation in 2022, unemployment benefits have been weakened in many ways during 2024. The basic amount of social assistance increased along with the cost-of-living index, but there was no index adjustment for unemployment benefits. Additionally, the Government abolished the exempt amount of unemployment security (which allowed for €300 of earned income without reducing the amount of unemployment benefit) as well as child increases and the job alternation leave system. From the beginning of the year, holiday compensation was also periodised (depending on the situation, the payment of unemployment benefits is delayed).

Furthermore, earnings-related unemployment benefits were weakened in September 2024 by staggering them. Staggering means that unemployment benefits are reduced by 20% of the original allowance amount after 40 days, and an additional 25% reduction is made after 170 days. The work requirement (work period that allows for earnings-related compensation) was increased from 6 months to 12 months. In addition to these reductions, wage-subsidised employment will no longer count towards the work requirement.

When these reductions are combined with a situation where inflation grows faster than benefits, more and more unemployed people will be forced to rely on overlapping and reduced benefits. Research data on the use of overlapping benefits is not published regularly.

The table below shows the situation in February 2020. All three benefits, i.e., housing allowance, basic social assistance and Kela's unemployment benefit, overlapped for 66,900 unemployed people. The size of this group is likely to increase by thousands in the coming years due to government decisions, as fewer unemployed people will be entitled to earnings-related unemployment benefits. In July 2024, there were 98,600 people who had been unemployed for over a year, and their number increased by 6,400 from the previous year (<https://tem.fi/en/employment-bulletin>).

Read more: <https://tietotarjotin.fi/tutkimusblogi/722821/etuuksien-ja-palkka-ja-yrittajatulojen-yhdistamisen-monimutkaisuus-on-haaste-nykyisessa-sosiaaliturvassa> (in Finnish)

Working people also suffer from financial difficulties

According to Statistics Finland, there are 60,000 wage earners and entrepreneurs in Finland who cannot make ends meet with their income. According to **Mikko Jakonen**, a senior lecturer in social policy at the University of Jyväskylä who has studied in-work poverty, the actual number is higher. According to Statistics Finland, a person with a net income of about €1,200 per month is considered a low-income earner. Social security paid in addition to the salary can lift a person above the poverty line. In this case, they disappear from poverty statistics, even though they cannot make ends meet with their salary. According to Jakonen's estimate, there are additionally 200,000–400,000 people in Finland who cannot make ends meet with their salary, at least occasionally.

3.3. Poverty among pensioners

Author: Eero Kivinen, M.Soc.Sc, Social Policy Expert, Central Association of Finnish Pensioners (EKL)

The Finnish pension system is mainly built on an insurance model in which the payment of employment pension insurance contributions increases one's pension accrual. The person retiring is paid a monthly pension based on their pension accrual. The pensions already in payment are increased annually by an index adjustment. If the earnings-related pension accrual is too low, it is supplemented by the national pension and the guarantee pension paid by Kela (figure below). The amounts of the national pension and guarantee pension are reduced by any other pension income received by the pension recipient. If the amount of the national pension is less than €7.46 per month, it is not paid at all.

The *Finnish Centre for Pensions* publishes the average pensions of Finnish pensioners every spring. At the end of 2023, the average pension in Finland was €1,977 per month. However, there was a significant difference between genders. The average pension for men was €2,216 per month, while for women it was €1,779 per month, which is a difference of €437 per month. This difference has long remained roughly at the same level. The median pension has been €1,736 per month, meaning that about half of the pensioners earn less than this amount. (<https://www.etk.fi/en/topical-issues/average-pension-in-finland-nearly-e2000/>)

There are significant regional differences in average pensions. The highest average pensions, €2,332 per month, are paid in the Uusimaa region. Correspondingly, the lowest average monthly pension, €1,724 per month, is paid in South Ostrobothnia. Among municipalities, the highest pension is paid in Kauniainen, at €3,550 per month. The lowest pension is paid in the municipality of Soini, at €1,464 per month. (<https://www.etk.fi/en/topical-issues/average-pension-in-finland-nearly-e2000/>)

Instead of focusing on the average pension in public discourse, it would be beneficial to focus on the median pension. Although very high pensions are relatively rare in Finland, they influence the interpretation of the economic wellbeing of pensioners. Similarly, new, starting pensions are on average higher, which, along with index adjustments, affects the calculation of the average pension. Nevertheless, the average pension is used as a tool to measure and study pensions, as the median pension does not reveal gender or regional differences.

Several factors explain the gender pension gap. The section of this report examining this issue includes various factors that affect pension size differences. The Finnish earnings-related pension scheme works in such a way that the entire career income affects one's pension accrual, meaning that lower-paying jobs and career breaks are reflected in the pension accrual. These factors explain income disparities among pensioners and differences in pension accrual.

Increases in pensions already in payment have been exceptionally high over the last two years, but in the long term, the level of pensions has developed in keeping with the general salary level [EK1]. (<https://yle.fi/a/74-20058168> - in Finnish). For the year 2025, the increase in the earnings-related pension index is estimated to be 1.6%.

A better understanding of the income and poverty of pensioners can be gained by examining their overall income. In 2022, 14.3% of pensioners, or a total of 203,000, were classified as low-income earners (which refers to an income lower than 60% of the median income of the entire population). Pensioners faced challenges in perceived income: 30.4% of them experienced some degree of challenge in making ends meet after retirement. (<https://www.etk.fi/en/research-statistics-and-projections/research/findings-from-our-research/pensioners-economic-wellbeing/>)

In 2022, the Central Association of Finnish Pensioners (EETU) commissioned a study by the market research institute Kantar TNS, which found that 44% of those aged 55 to 84 considered the small size of pensions to be the biggest problem in Finland today. (https://www.eetury.fi/eetun_tunnus/artikkelit/article-14832-83266-huomisen-kynnyksella-2022 - in Finnish)

A pensioner or someone who has exited working life does not have access to the same services or tax solutions as one who is in working life or a student. For example, occupational health services are only available to those who are currently employed. Pensioners rely on public or private social and healthcare services, which are generally fee-based.

Conversely, there are some forms of support available to pensioners that other groups do not receive. For instance, the housing allowance for pensioners paid by Kela helps cover housing costs, and it has not faced the same tightening of conditions over the past year as the general housing allowance. The care allowance for pensioners also supports various levels of social and healthcare costs.

Subsistence challenges or low income issues are not unique to pensioners. Low income is often driven by the same factors that increase subsistence challenges among younger age groups, such as living alone or having minimal earnings. The low income of the elderly is often due to lower earnings in their younger years [EK2]. (<https://www.etk.fi/en/research-statistics-and-projections/research/findings-from-our-research/pensioners-economic-wellbeing/>)

Among those over 75 years of age, low income is more common among women than men, and they are more often living alone. As living alone is becoming more common, the risk of low income for men will also see an increase.

There are, however, certain factors that specifically affect the livelihood of pensioners. For example, healthcare costs significantly reduce disposable income. This is due not only to illness but also to the fact that pensioners cannot access occupational or student healthcare services.

Sources:

[EK1] <https://yle.fi/a/74-20058168>
(in Finnish)

[EK2] <https://www.etk.fi/en/research-statistics-and-projections/research/findings-from-our-research/pensioners-economic-wellbeing/>

3.4. Poverty among people with disabilities and chronic illnesses

Author: Elias Vartio, Master of Laws (LL.M.), Master of Social Sciences (M.Soc.Sc.), Legal Expert, Carers Finland

There is more poverty among people with disabilities and chronic illnesses compared to the general population. Their employment rate is also significantly lower than that of the general population. While the employment rate in Finland is around 70%, various sources indicate that it is only about 20% for people with disabilities. People with disabilities and chronic illnesses who are outside the labour market or only work part-time are often dependent on both social security and social welfare services.

There are several reasons for the structural unemployment of people with disabilities. For example, a minor with a disability may automatically receive a disability pension decision from Kela before even attempting to build a career. This apparent benefit effectively sidelines individuals from working life for their entire lives.

Another structural problem is that people with disabilities and chronic illnesses are underrepresented in political positions of trust. This can be viewed as a structural issue, since disability assistance services may not necessarily be granted to help with tasks related to positions of trust and social influence, but rather only for recreational, work and study purposes. This reflects an inability to recognise or adequately consider the needs of people with disabilities and chronic illnesses in development work and social decision-making.

The service system does not sufficiently take into account the needs of working people with disabilities

The service system also does not sufficiently take into account the needs of working people with disabilities. Obtaining a service decision can take an unreasonably long time and the methods for arranging transportation services may not enable equal participation in working life. For example, scheduled transportation may be delayed or trips may be combined in such a way that the duration of the work commute is difficult to estimate.

Efforts have been made to strengthen the participation of people with disabilities in decision-making, for example, by involving disability councils. Often, these councils are poorly resourced and are not always systematically considered in decision-making processes, but rather the perspectives of people with disabilities are taken into account only randomly and often only after decisions have already been made. This shortcoming contributes to the development of a society that is not accessible or inclusive, which, in turn, can cause inequality, exclusion and poverty.

3.5. Poverty among immigrants

Author: Larissa Franz-Koivisto, M.Soc.Sc., Secretary General of Caritas Finland

The number of people with foreign backgrounds in Finland is still low compared to many other EU countries. The proportion of people with foreign backgrounds is only 8% of the population, although in the Helsinki metropolitan area, the number of foreign-language speakers is already over 20%. This indicates that immigrants have primarily settled in larger cities.

Most people with foreign backgrounds who have moved to Finland have done so for work and family. However, people also come to Finland as quota refugees and asylum seekers. Additionally, around 60,000 Ukrainian refugees with temporary residence permits have settled in Finland. According to the reformed Integration Act, the integration of refugees in Finland will be the shared responsibility of municipalities and wellbeing services counties as part of the upcoming comprehensive reform of TE services (TE2024). Previously, municipalities were responsible for all services needed throughout the entire integration period. The responsibility is now divided among different organisations, which has caused a lot of confusion in the field of immigration work. Any unclear points of the new law are currently being clarified.

In principle, people with foreign backgrounds are entitled to social and health services like other residents in Finland, but the residence permit regulations have tightened. A major change worth mentioning is that the grounds for applying for a residence permit cannot be changed during the process, such as during an ongoing asylum application process. Those with a work-based residence permit must find a new job within either 3 or 6 months after the termination of their employment contract. Graduates face real challenges in extending their residence permit in Finland. These factors cause a lot of stress and pressure at the individual level and force people to make economically unwise decisions, such as moving to jobs outside their field or taking part-time jobs.

Unemployment rates among people with immigrant backgrounds are higher than those of the general population. The requirement for proficiency in Finnish or Swedish often acts as a barrier to employment. Additionally, they are more likely to have part-time and fixed-term employment contracts than representatives of the so-called native population.

People with immigrant backgrounds often live in crowded conditions, which exacerbates social problems. Low income levels, the

prevalence of rental housing and various social and health disadvantages weaken their socioeconomic status in society. At worst, this is reflected in different manifestations of poverty, the extensive use of social and health services and long-term reliance on income support.

Non-native speakers face many prejudices

The foreign-language population in Finland faces various forms of prejudice. This often results in poor utilisation of services and exclusion from them. It has been shown that the refugee population requires many services, which indicates a weak level of integration. Nevertheless, as Researcher **Pasi Saukkonen** has highlighted in his various studies, the Finnish service system stands up well to international comparison. Integration services in Finland have generally been of high quality, supported by the state reimbursement system to municipalities and wellbeing service counties. The changes brought by the reformed legislation are not yet visible, and it remains to be seen whether they will reduce the quality of services.

Undocumented individuals

A person may become undocumented, i.e., lacking a residence permit, when the asylum process results in a negative decision, their work permit expires and a new application is still in process, or when their right to stay in the country based on studies is interrupted. Not everyone is able to leave the country immediately, either because the application for their new residence permit is still being processed or because they do not have the right to return to their country of origin. According to various estimates, there are 3,000–6,000 undocumented individuals in Finland. These figures also include families with children.

Children have the right to attend school, and undocumented individuals are entitled to essential social and health services and to receive the necessary subsistence from Kela. It should be noted that they also rely on financial and emotional support from the third sector to cope with everyday life. They are also vulnerable to various forms of human trafficking and other exploitation, as well as crime. Their situation should be examined individually, and residence permit decisions should be made based on individual and humanitarian reasons, since their status drives them directly into poverty in society. Often, situations may be unreasonable because the individuals have already lived in Finland for years on different types of residence permits.

3.6. Poverty predisposes individuals to substance use and health problems

Author: Jiri Damski, Head of Department (Regional and Organisational Cooperation), EHYT Finnish Association for Substance Abuse Prevention

Poverty is a risk to health and wellbeing in many ways. According to a study published in *The Lancet*, poverty is as significant a health risk as hypertension, lack of physical activity, obesity and alcohol. Poverty also exposes individuals to other various health risks.

Living with ongoing financial difficulties can increase substance use, especially if one's environment tolerates and supports it. If substance use becomes a problem, there is a significant risk that someone who is already struggling from poor life management skills may lose hold of them completely. Poverty also exposes individuals to mental health issues. For example, the unemployed have more than double the risk of psychological stress compared to others. The connection between childhood poverty and mental health problems in early adulthood is threefold compared to those whose family did not experience poverty. The most difficult situation is for those who have both substance abuse and mental health issues. The situation is not eased by the fact that access to support and treatment is often insufficient.

Alcohol-related problems are very unevenly distributed in Finland: alcohol-related mortality is about three times more common among the least educated compared to the most educated. Therefore, the same amount of alcohol is more likely to cause problems

Sources:

- 1) *The Lancet* 3/2017 [https://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(16\)32380-7/fulltext](https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(16)32380-7/fulltext)
- 2) [Raitasalo, K. \(2024\). Miten yleisiä perheiden päihdeongelmat ovat? Tutkimuksesta tiiviisti 23/2024. Helsinki: Terveystieteiden tutkimuskeskus \(In Finnish\)](#)

for the poor than for the wealthy. Although alcohol consumption among young people has decreased in recent years, children of disadvantaged adults, in particular, are drinking more.

In addition to being healthier, those who are well-off and with a higher socioeconomic status also use health services more than those with low incomes and in poor social positions.

Many of the measures taken by **Petteri Orpo's** government raise deep concerns when viewed in terms of their ability to reduce health and wellbeing disparities. For example, increasing the availability of alcohol is likely to exacerbate health and wellbeing disparities among population groups and threaten to reverse the positive trend in both alcohol consumption and alcohol-related mortality differences.

The Government Programme mentions the importance of preventive work. The programme states, among other things, that *'[t]he prevention of mental health and substance abuse issues and their proper treatment are significant from the perspectives of public health and the economy alike.'* In practice, nearly the only investment is approximately 9 million euro for the implementation of the national health and wellbeing programme. Although this programme, operating with an annual budget of 2 million euro, would be good, it is entirely insufficient in terms of the overall picture.

For comparison, cuts in the Ministry of Social Affairs and Health's operations during the government term amount to 48 million euro, approximately 1.3 billion euro from social and health services and over a billion euro from social security. Grants to social and health organisations are to be cut by one third, or approximately 80–130 million euro, starting in 2025. In practice, the focus is being shifted away from the prevention of problems.

The Government Programme includes the deregulation of substance abuse policies in a manner that shifts the focus from social and health policy towards business and competition policy. The fastest-moving legislation came into effect in the summer of 2024, allowing *beverages containing up to 8 per cent alcohol to be sold in grocery stores*. Additionally, a legislative initiative is currently under consideration that would enable *Alko and domestic retail license holders to engage in online sales of alcohol and other order and delivery concepts*. This would allow for home deliveries of alcohol.

When the availability of alcohol is increased, its consumption grows, as do the problems resulting from it. According to the World Health Organization (WHO), the most effective means to prevent alcohol-related problems in society are by influencing availability, prices and marketing. In Finland, for example, there are approximately 89,000 children with at least one parent who has had a serious substance abuse problem that required treatment before the child became an adult. This figure is equivalent to a staggering 8.7% of all minors. The majority of these parents have an alcohol problem. It is likely that the number of children living with a parent who has a substance abuse problem is even higher than estimated.

The Government Programme also includes an entry that by the Government's mid-term policy review, the Ministry of Social Affairs and Health (STM) and the Ministry of Economic Affairs and Employment (TEM) will conduct a study on the possibilities to deregulate the sales of wines with an alcohol content of up to 15 per cent. Deregulating the sales of wines would likely lead to the expansion of sales of strong alcoholic beverages and the erosion of the current monopoly system, resulting in a sharp increase in the availability of alcohol in Finland. From the perspective of reducing poverty and inequality, these steps should not be taken in the country's alcohol policy. Instead, efforts should be increasingly focused on preventing substance abuse as well as physical and mental health problems.

4. Different perspectives on low income

4.1. Food aid as a supplement to insufficient social security

Author: Jenni Passoja, M.Ed., Project Manager of Ruoka-apu.fi activities, Church Resources Agency

An estimated 20 million kilograms of food aid are distributed annually in Finland (Harrison et al. 2020). The distributed food is mainly surplus and waste food donated by shops, wholesalers and factories. Donations of surplus food from schools, central kitchens and restaurants have also become a stronger part of the food aid and is part of the distributions made by 21% of food aid operators (Ruoka-apu.fi 2024). Some of the operators also purchase the foodstuffs they distribute as aid.

In Finland, food aid is organised and provided by approximately 1,000 organisations, associations, foundations, parishes and other actors, either as their main occupation or along with other activities. An estimated 200,000 people rely on food aid each year (Laihiala & Nick 2020). This figure was

corroborated by the food aid Situation Report No. 5 (Ruoka-apu.fi 2024), which revealed that 60,735 individuals took advantage of the food aid provided by survey respondents (n=276) in 2023. The report covers approximately one third of Finland's food aid operators. Indirectly, the aid reaches a broader group, since the food bag is often shared with family and friends.

Food aid is not part of the Finnish social security system; instead, it is based on voluntary civic engagement. Food aid operators must register their activities with their local food inspection authority and comply with the food safety regulations of the Finnish Food Authority (Finnish Food Authority 22.1.2024). The activities are funded through municipal and regional organisation grants, membership fees, church taxes, donations and project funding. Various projects are implemented as part of food aid and are funded by, among others, the Ministry of Social Affairs and Health (STM), Stea and ESR+.

Number of food aid recipients has increased for five consecutive years

Food aid operators have reported an increase in the number of recipients for five consecutive years. The COVID-19 pandemic increased the number of people needing

food aid. Since then, the prolonged rise in living costs has further increased the need for assistance. The reasons for their reliance on food aid are varied, including low income, illness, changes in family situations, unemployment or substance abuse. Food aid is often accessed with a low threshold, as participation does not require anyone to provide personal information. Of the food aid operators who responded to the situation report survey, 70% reported an increase in the number of recipients in 2023. This number is expected to grow further in 2024.

Participation in food aid activities is generally anonymous. Some operators use various appointment systems to ensure the sufficiency of food aid. According to the situation report, 67% of food aid operators reported a decrease in the amount of food available for distribution (Ruoka-apu.fi 2024). Thus, operators sometimes face challenges in meeting the increased demand for aid, as there is not always enough food to distribute.

In 2023, a new form of EU food aid was launched to be implemented as *ESR+ Basic Material Assistance* projects. These projects distribute vouchers equivalent to €40 to low-income individuals. The primary target group is the unemployed and their families. Material assistance projects are being carried out by organisations, parishes, municipalities and wellbeing services counties from 2023 to 2027 (Finnish Food Authority 22 July 2024).

New government decree on food aid in preparation

A government decree on state subsidies for food aid activities is being prepared and is intended to come into force on 1 October 2024. The decree will set the funding for food aid activities at three million euro per year. Previously, state subsidies for food aid activities were provided by the so-called Christmas gift funds of the Finnish Parliament, and their amount was not predetermined.

The new government decree will more strongly involve wellbeing services counties and municipalities in food aid activities,

as they will assume responsibility for the administration of state subsidy projects. With state subsidies being allocated to food aid activities, this will stabilise and legitimise the existence of Finnish food aid system. The decree does not, however, address the root causes behind the reliance on food aid, since it does not take a stance on improving the situation of those in need of food aid. Food aid is intended as temporary emergency assistance, but it has become a necessary means of survival for many.

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4.2. Problems caused by gambling

Author: Riitta Matilainen, D.Soc.Sc., Head of the Gambling Harm Prevention Unit at EHYT and Chair of the European Gambling Harm Prevention Network (EGHPN)

Gambling problems have increased in recent years

Gambling is very popular and socially accepted in Finland compared to many European countries, although its popularity has been declining over the years. According to a population survey by the Finnish Institute for Health and Welfare (THL) in 2023, 70% of Finns had played at least one type of gambling game in the past 12 months. This was true for 65% of women and 75% of men. At the population level, approximately 2,524,000 people had gambled. During the survey year, internet gambling was most common among men and those aged 45-59. (THL 2024).

According to the same survey, 4.2% of respondents (1.8% of women, 6.6% of men) had a moderate risk or already had a gambling problem. At the population level, this amounts to approximately 151,000 individuals. Despite the overall decrease in the prevalence of gambling, the proportion of those who experienced gambling-related problems increased compared to previous THL surveys. Various levels of gambling problems are more common among men than women, making gambling and its associated issues a gendered phenomenon. The survey also revealed that around 733,000 people have one or more close acquaintances who are struggling with a gambling problem.

Gambling causes financial struggles and poverty

According to the Finnish Institute for Health and Welfare (THL), in 2023, 2.2% of gamblers (approximately 54,000 people) accounted for half (50%) of the total gambling expenditure. Additionally, 15.5% of gamblers accounted for 80% of the total gambling expenditure. Thus, gambling as a phenomenon is becoming polarised: an increasingly smaller group of people is spending significant amounts of money on it.

The most significant gambling-related problems are financial in nature and include using savings for gambling, taking out payday loans or reducing the amount of weekly disposable income. Recovery and rehabilitation from gambling problems are particularly challenging due to the long-lasting financial aftermath: many individuals who have reduced or stopped gambling are still left with debts amounting to tens or even hundreds of thousands of euro.

According to the 2023 annual report of the *Peluuri gambling helpline*, employment was used to finance gambling activities in 73% of cases. Loans were used in 55% of cases where the method of financing was able to be identified (53% in 2022, 47% in 2021). The most common debt amount among those who contacted *Peluuri* was between €20,000 and €50,000, but about 3% of gamblers had debts exceeding €100,000 (*Peluuri's* annual report, 2023).

The *Guarantee Foundation*, which helps those in debt, also encounters many people in distress due to gambling. Gambling debts are evident in counselling conversations and clients' bank statements. Young men, in particular, are a high-risk group. Among clients under the age of 30 who have applied for small loans from the *Guarantee Foundation*, half have made transfers to online casinos. In the worst cases, indebted individuals have found themselves with overdue rent, unpaid loan instalments and no money for food. For many gamblers, consumer loans are the core of the problem. Among the *Guarantee Foundation's*

counselling clients, gamblers had on average over €10,000 more in unsecured debt than other clients (Guarantee Foundation, 22 January 2024).

The total social costs of gambling have not been calculated in Finland. Based on cost estimates made in Sweden and Australia, there is strong reason to believe that, in Finland, society also accrues more expenses than revenue from gambling.

Support and treatment for gambling problems

Support and treatment for gambling harms are available in Finland, but services are unevenly distributed regionally. Wellbeing services counties are responsible for providing support and treatment for gambling problems, but so far, there are significant differences regarding the availability and types of services. Services are often bundled with substance abuse services, which may deter some people from seeking help. In particular, the families of those with gambling problems have difficulty obtaining the services they need. There is insufficient financial and debt counselling available.

For historical reasons, various social and health organisations also play an essential role in providing services (preventive work, corrective work as well as peer and expert-by-experience activities). These functions are seriously threatened by the Government's planned funding cuts to social and health organisations.

A Current Care Guideline on gambling problems was published in 2023 for the purpose of increasing doctors' awareness of gambling problems and their related diagnosis and treatment (Current Care Guideline, 28 November 2023). It is still too early to know the impact that the Guideline has had.

System-level changes are likely to increase problems and poverty

Research shows that the availability and marketing of gambling increase its play. Gambling, in turn, increases perceived gambling problems. According to the Government's proposal, Finland would transition at the beginning of 2027 to a gambling system in which those gambling games that are proven to be the most harmful (e.g., online slot machines and other casino games as well as sports betting) would be opened up to international competition. This will likely result in dozens of new legal gambling operators entering the Finnish market, thereby increasing availability and accessibility. Simultaneously, the current monopoly holder, *Veikkaus Oy*, will retain its exclusive right to lottery games and decentralised slot machines.

The decentralised system for slot machines is an excellent example of ways to create systemic inequality. Slot machines can be played in, for example, store lobbies and service stations. They are most commonly placed in postal code areas with low socioeconomic status. Research results show that the factors most strongly associated with the placement of slot machines included the income and education levels of the area residents (Selin, Raisamo & Okkonen, 2024). Thus, economic problems and poverty are deliberately produced.

Ways to reduce the financial problems and poverty related to gambling

How might gambling-related debt and other associated financial problems be reduced? Gambling is not often readily addressed within the social welfare and health care system. It also carries a strong stigma. New thinking is needed to bring the entire gambling ecosystem under the scope of problem prevention and reduction. This ecosystem includes gambling operators and game developers, banks and other payment service providers, as well as politicians and regulators who make decisions related to the gambling system. Additionally, legislation should curb marketing and the profit-seeking efforts of the media through gambling advertisements.

In 2022, the Finnish population lost an estimated €1.58 billion to gambling (EHYT, 2024). It is, thus, a massive global business. It is crucial to understand that gambling products are not normal products but rather addictive traps that cause various problems, poverty and misery for many gamblers and their loved ones.

Sources:

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4.3. Participation

Author: Jenni-Emilia Ronkainen, Senior Social Worker (M.Soc.Sc.), Planner for the Day Centre 2025 project of the Sininauhaliitto association.

Perspective on client inclusion within the service system and structures

From the perspective of a person who uses a lot of services, the most apparent participation deficit is the lack of client inclusion. Legally, client inclusion should be a given, as it is mandated by several laws (e.g., Act on the Status and Rights of Patients 785/1992, Act on the Status and Rights of Social Welfare Clients 812/2000). Client inclusion involves engagement in the ideation, planning, development, implementation and evaluation of the service one is using as well as, more broadly, of services, service chains and service entities in general. Service involvement and influence are the rights of service users, and promoting inclusion is the duty of the service organisers and providers (THL: Client inclusion in social and health services).

It is evident that client inclusion does not occur from a systemic or structural perspective. On a systemic level, we theoretically have comprehensive health and social services, but in practice, they have been systematically underfunded for a long time. Due to customer charges, people avoid going to the doctor and they often do not buy medications because of the out-of-pocket costs required (Kestilä & Karvonen, 2023).

The increasing and mandatory digital platforms for service use, as well as the long distances to services in sparsely populated areas, are structural problems. There is a deep internal contradiction in this context. If we genuinely want to reduce health and welfare disparities and guarantee equal access to basic services for everyone, isn't it time to comply with the law and involve clients in decisions that affect their lives?

Sources:

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4.4. Digitalisation is not accessible to everyone

Author: Leena Valkonen, Communications Expert, EAPN-Fin board member

Digital inclusion refers to the EU-wide effort to ensure that everyone can participate in the digital world and benefit from it (<https://digital-strategy.ec.europa.eu/fi/policies/digital-inclusion>). In Finland, digital service systems have also been developed and widely taken into use in public services. The problem arises from the fact that not everyone can afford the necessary devices and connections to manage their affairs. Not everyone has the online banking codes required for strong authentication, and people with foreign backgrounds find it difficult to obtain them. The language used in the services is not always easy to understand, and a customer might, for example, tick the wrong box when applying for a benefit. Lack of skills and potential sensory or other health issues may also prevent the independent use of digital devices. Poverty and low income are also significant factors contributing to digital exclusion.

Digital self-service systems are becoming more common – responsibility shifting to citizens

One systemic change is that the public social and health sector in Finland has increasingly moved towards the use of digital services. At the same time as digital self-service systems have been introduced, in-person services have been reduced or made harder to access. Users are now more limited in terms of being able to choose the most suitable, possible or preferred way to access public services.

The number of local service points and customer service employees has been reduced, and the opening hours of the remaining service points have been shortened. Phone and appointment times have also been restricted. As a result of these changes, using public social and health services has become, in many places, unreasonably difficult and time-consuming for those citizens who, for some reason, are unable to use digital self-services.

Many tasks and responsibilities previously handled by authorities have shifted to citizens. It is their own responsibility to ensure they receive the services and benefits they need and are entitled to. They are responsible for searching for and managing information related to services and benefits, accessing services and applying for benefits. At the same time, they are also responsible for any risks associated with using these services.

Details can be found in the [information package on digitalisation, transformation of work and social security](#) (abstract in English) published in March 2024 as a result of the knowledge partnership between strategic research and the Social Security Committee. The purpose of the information package is to provide research evidence to support the social security reform.

Support and guidance needed

The use of digital self-service systems requires specific skills due to the bureaucratic language used and the form-centric nature of these systems. According to studies, 17% of the adult population needs help in using digital social and health service systems. The need for assistance is particularly high among the elderly.

Some citizens prefer face-to-face interactions over digital services. Those at risk of social exclusion, such as the unemployed, those with low education levels and those in a weak socioeconomic position, have a higher risk of being excluded from digital services. Digital exclusion can further deepen the negative cycle of exclusion.

Poor health is associated with less use of digital technologies and services, as well as reduced opportunities to benefit from them. Individuals with cognitive and physical limitations use information technology and the internet less than the general population.

Where can help be found if one does not have the skills or capability on their own? In Finland, libraries and low-threshold service points maintained by organisations offer free access to IT equipment and provide guidance as far as possible. There are also projects aimed at improving citizens' digital skills. However, services provided by the third sector alone are not sufficient to prevent digital exclusion. Long distances to service points hinder the functionality of the service system. Therefore, citizens must be guaranteed sufficient local services and the opportunity for personal interactions in public services.

A European study highlights worsening digital poverty

In September 2024, the EAPN published a study on the use of digital tools by people living in poverty. Fourteen countries from the EAPN network participated in the study, which was carried out from 2021 to 2024.

The conclusion of the study is quite similar to the research conducted by the Academy of Finland. There is a concerning trend of digitally induced poverty. Additionally, the automation of discrimination facilitated by AI raises concerns within social justice organizations. Furthermore, as digitalisation is seen as a means to enhance well-being, it is at risk of becoming a tool for implementing austerity measures.

Sources:

Digitalisaatio, työn murros ja sosiaaliturva © Strategic research, Academy of Finland 2024, (Chapter 5 Digitalisation from the perspective of citizens using public services) (PDF in Finnish, abstract in English).

<https://www.aka.fi/en/strategic-research/strategic-research/for-knowledge-users/whats-new/2024/information-package-on-digitalisation-transformation-of-work-and-social-security-discusses-reform-of-social-security-through-technological-change/> (PDF in Finnish, abstract in English).

An Exploratory Study on the use of Digital Tools by People Experiencing Poverty.

<https://www.eapn.eu/an-exploratory-study-on-the-use-of-digital-tools-by-people-experiencing-poverty/>.

4.5. Informal care situations as an underrecognised social risk

Author: Elias Vartio, LL.M., M.Soc.Sc., Legal expert, Carers Finland

Situations involving informal care are known to have a negative impact on the finances and livelihoods of families. Livelihoods can be weakened for various reasons. If one breadwinner becomes disabled or seriously ill, their income is likely to decrease. If a spouse acts as a caregiver, their ability to earn a living may also be compromised. Therefore, informal caregivers are particularly vulnerable to problems when social security weakens and individuals or families are expected to increase their own income.

This issue can also be viewed as a structural problem in legislation, as informal care are not well recognised as a social risk. According to Section 19, subsection 1 of the Constitution of Finland, those who cannot obtain the means necessary for a life of dignity have the right to receive indispensable subsistence and care. It may be impossible for a caregiver to earn sufficient income, but this is not due to their ability but to the constraints of caregiving.

Subsection 2 of the same section states that *'[e]veryone shall be guaranteed by an Act the right to basic subsistence in the event of unemployment, illness, and disability and during old age as well as at the birth of a child or the loss of a provider.'* These aspects are very important, but a caregiver is not necessarily sick, disabled or old, nor has the family necessarily lost its other breadwinner; rather, the individual may have become severely ill or disabled. Many caregivers are forced to leave their paid jobs, but then they may face a long struggle to determine if they

meet the criteria for an unemployed jobseeker.

In legal literature, typical social risks include old age, illness, disability, occupational accidents or diseases, unemployment, parenthood, the death of a family provider, traffic accidents, patient injuries and criminal injuries. Earnings-related or other types of insurance have been established to cover all of these. However, caregiving is conspicuously absent from this list.

One structural problem arises when a family providing informal care ends up needing to rely on basic social assistance as a last-resort form of support, the informal care allowance and child benefits will be counted as income. That income will reduce the amount of the granted basic social assistance.

Systemic perspectives

Part of the problem with informal caregiving is the reconciliation of work and care within the social security system. While retirees have a certain level of basic income, a working-age caregiver may be dependent on unemployment benefits. Although wellbeing services counties are obligated to provide adequate social and health care services to everyone, authorities handling unemployment benefits may still question the obstacles preventing a caregiver from engaging in full-time employment.

4.6. Women's perspective

Author: Leena Eräsaari, D.Soc.Sc., Chair of the Board of EAPN-Fin

In a European context, the status of women in Finland is good, and gender equality is generally accepted as a given. Women are well

represented in politics, for example. However, one significant problem in many areas of society is strong segregation, particularly gender-based differentiation in the labour market, which is crucial from the perspective of poverty.

The labour market is divided into male and female jobs. Women predominantly work in public sector service fields as caregivers, nurses, educators, etc., where wages are lower than in male-dominated fields. Women's employment histories often have interruptions due to caregiving responsibilities related to children and other close relatives. Low income and precarious employment are more common among women than men. For the same tasks, women often earn less than men, with a woman's euro being 80 cents. Given that the level of social security is tied to income, women's social security benefits, such as pensions, sickness allowances or unemployment benefits, are lower. Low earnings mean that women are more dependent on supplementary social security, such as housing allowances, basic social assistance and public services in general.

Women are the caregivers in 85% of single-parent households. The increasing poverty in families with children in recent years thus primarily affects mothers and children in single-parent families.

There are also some services specifically needed by women that the public sector does not provide at all or provides inadequately. For example, gynaecological services are only available from private health clinics. The assistance available to women who have experienced domestic violence (legal and psychological support, shelters, etc.) is insufficient relative to the magnitude of the problem in Finland. The status of women who are victims of rape is weak. It also depends on the municipality where the rape occurred and which court handles the case. Of course, immigrant women are in an especially vulnerable position in this regard, not to mention those without proper documentation.

4.7. Prisoners as social security recipients

Author: Marjatta Kaurala, M.Soc.Sc., RETS lawyer, Life without crime (RETS), EAPN-Fin board member

The daily number of prisoners in 2023 was over 3,100, and this number is likely to increase by several hundred in the coming years due to stricter penalties [1].

A prisoner's right to social security varies depending on whether they are a remand prisoner, serving a sentence in prison or serving a sentence on parole. Remand imprisonment is not a punishment but a coercive measure during the investigation, during which a significant portion of social security benefits continues uninterrupted. For those serving an unconditional prison sentence, most benefits are discontinued as defined by law, either at the beginning of the sentence or after three or six months. The only benefit that continues uninterrupted is earnings-related pension. The housing allowance is paid for six months from the beginning of the prison sentence, which helps maintain the possibility for a prisoner to retain their housing [2].

The prison is responsible for the basic care, accommodation and food of the prisoner, as well as some hygiene products, thus making it the primary income support system. However, prisoners have personal expenses that are necessary for communications with relatives, hygiene products, other canteen products, clothing and possible travel related to prison leaves. These personal expenses are covered by the expense and activity allowances received from the prison and any other assets if such are available. This is, however, rarely the case, since prisoners are heavily indebted. If the prisoner applies for social assistance to cover the aforementioned expenses,

an explanation is required. Generally, social assistance is not granted for these expenses.

All prisoners receive a daily expense allowance of €1.60/day (€48/month). If a prisoner participates in activities, they receive an activity allowance, which varies between €3.01 and €7.35 per activity day. Some are allowed to participate in open prison work, for which they receive taxable wages [3].

It should be noted that not all prisoners are able to participate in activities in closed prisons due to the compartmentalisation of prisons. Due to this compartmentalisation, only certain units have access to activities. According to the Prison and Probation Service of Finland [4], prisoners' activities accounted for approximately 44% of the weekly working hours during 2023.

Most commonly, prisoners apply for basic social assistance from Kela for housing costs and security deposits, identification documents, glasses and clothing. However, not all prisoners know how to apply for social assistance or do not apply because they have earlier received negative decisions.

Relatives often support prisoners financially. The small amount of the expense allowance (€48/month), in particular, causes relatives to send additional money, sometimes even at the expense of their own livelihood. They also pay the prisoner's debts, housing costs and other bills. Dependence on financial support from relatives can affect the quality of relationships with them [5].

According to the 2023 *Prison Population Study* [6], 60% of prisoners had no information about housing after release. Some manage to find housing at the time of release, since it is estimated that 30% are released without housing. The same study found that prisoners' experience of inclusion is significantly weaker than that of the overall adult population of Finland. Among all prisoners, 21% had a very poor sense of inclusion. The proportion of prisoners who have a very poor sense of inclusion was about double that of the rest of the adult population of Finland. The experience of inclusion is strongly linked with wellbeing.

Sources:

- [1] [Rikosseuraamuslaitoksen tilastollinen vuosikirja 2023](#) (in Finnish)
- [2] [Miten vankeus vaikuttaa Kelan etuuksiin? – Rikoksettoman elämän tukisäätiö](#) (rets.fi) (in Finnish)
- [3] [Vangin toimeentulo – Rikoksettoman elämän tukisäätiö](#) (rets.fi) (in Finnish)
- [4] [Rikosseuraamuslaitoksen tilastollinen vuosikirja 2023](#) (in Finnish)
- [5] [Mihin 48 euroa riittää? – Rikoksettoman elämän tukisäätiö](#) (rets.fi) (in Finnish)
- [6] Mika Rautanen, Kennet Harald, Sasu Tyni (eds.): *Health and Wellbeing of Prisoners 2023: The Wattu IV Prison Population Study Finland*

4.8. Homelessness – the extreme form of poverty

Author: Larissa Franz-Koivisto, Master of Social Sciences, Secretary General of Caritas Finland

There are 3,429 homeless people in Finland. Homelessness has decreased in Finland at a record pace for Europe, but there are still 464 people living outdoors, in stairwells and in emergency shelters. At the end of 2022, there were still 1,018 long-term homeless people in Finland.

A long-term homeless person has a social or health problem, such as debt, substance abuse or mental health issues, that significantly hinders their ability to live, and their state of homelessness has been prolonged or is at risk of prolonging due to the ineffectiveness of conventional housing solutions and the lack of appropriate support services. Homelessness is classified as long-term when it has lasted for at least one year or the person has been repeatedly without housing during the last three years. The need for help and care is emphasised for long-term homeless individuals. A successful housing outcome almost always requires intense professional support. Homelessness is caused by situations and circumstances and is not a characteristic of any individual.

In Finland, homelessness is not very a visible part of the streetscape. This is partly because over 60% of single homeless people stay with people they know. Homeless people sleeping outside typically seek to hide from view, for example, in forests, stairwells, open commercial spaces or emergency shelters. At the end of 2023, there were 464 such individuals in Finland. Geographically, homelessness is largely concentrated in the Helsinki metropolitan area. More than half of the homeless live in the metropolitan area.

Although, in principle, anyone can become homeless, the risk of homelessness affects different people in very different ways. The risk is higher for low-income people, those with an immigrant background and those suffering from substance abuse and mental health problems. In growth centres, high rents and a shortage of affordable rental housing create homelessness.

Sources:

Karppinen, Jari: Varmista asumisen turva! Asunnottomuuden ennaltaehkäisyn toimenpideohjelman (AUNE) väliraportti (Interim report on the prevention of homelessness) (in Finnish). Ministry of the Environment, 2018.

Rastas, Merja: Maahanmuuttajien asunnottomuus Helsingissä (Homelessness among immigrants in Helsinki) (in Finnish). Ministry of the Environment, 2002.

[Homeless people 2023 – Report 2/2024, ARA](#)

[Information and Figures on Homelessness in Finland | VVA ry](#)

[https://ysaatio.fi/en/housing-first/Information-and-figures-on-homelessness-in-Finland – in Finnish\(general site summary in English\) | No Fixed Abode NGO](https://ysaatio.fi/en/housing-first/Information-and-figures-on-homelessness-in-Finland-in-Finnish(general-site-summary-in-English)|No-Fixed-Abode-NGO)

[FEANTSA.org](#)

5. Summary: The faces of Finnish poverty in 2024

Author: Larissa Franz-Koivisto, Master of Social Sciences, Secretary General of Caritas Finland

The poverty discussion should rise to the forefront of political decision-making because the long-term use of last-resort security has become more common at the same time as the general standard of living of Finns has risen and the quality of life has improved due to better lifestyles. Some are falling behind while others are making do. Simultaneously, the tone of the discussion has intensified between extremes, creating general unrest in societies and leading various right-wing populist parties to gain new supporters.

At the core of sociopolitical challenges are empathy gaps and solidarity deficits related to disadvantaged groups. Empathy gaps arise from the differentiation between people's social realities, which reduces mutual compassion and fosters a lack of solidarity regarding the rights of people who, for example, do not have Finnish citizenship.

The disadvantaged are placed at a social distance and are regarded as outsiders at the fringes of empathy and solidarity. They are considered beyond the reach of compassion, seen as non-respectable citizens living on income redistribution (e.g., social assistance) and dependent on social welfare services targeted at vulnerable individuals (e.g., housing services). The stigma surrounding the poverty discussion has increased both in Finland and elsewhere in Europe.

If we think about it carefully, social problems are not necessarily more complex than before, and it can even be assumed that their basic structure has largely remained the same. They still involve a low standard of living due to small benefits and lack of access to services, as well as quality-of-life deficits caused by low status and economic scarcity, and challenges related to lifestyles affected by substance use and a lack of daily structure. To this, I would add the challenges of statelessness: who has the right to each state's social security benefits and services.

Social problems should, therefore, be approached as analytically as possible, with research demonstrating the need for institutional reform as regards preparation, decision-making and implementation. The goal should not be to ensure that society's support systems do not sustain poverty but that they eliminate it. We believe that we have enough experiential and scientific knowledge available to improve the gaps and deficiencies in the system should we desire to do so.

Source:

Saari, Eskelinen, Björklund (2019). Raskas perintö, ylisukupolvinen huono-osaisuus Suomessa (in Finnish).

6. Developments in EU policy

Author: Larissa Franz-Koivisto, Master of Social Sciences, Secretary General of Caritas Finland

On 18 July 2024, **Ursula von der Leyen**, European Commission President, presented her Political Guidelines for the years 2024–2029. She announced the first-ever EU Anti-Poverty Strategy, aiming to *'help people to get access to the essential protections and services they need'* and address the *'root causes of poverty'*.

The EAPN has been advocating for an EU anti-poverty strategy since its founding in 1990. Therefore, the announcement by the European Commission President is very welcome, but it also raises a crucial question: how can we ensure that the future EU anti-poverty strategy effectively eliminates poverty and social exclusion?

The EU's actions to eradicate poverty are based on various strategies, such as the LGBTIQ Equality Strategy 2020–2025, the Gender Equality Strategy 2020–2025 and the Strategy for the Rights of Persons with Disabilities 2021–2030, as well as the Anti-Racism Action Plan and the European Pillar of Social Rights Action Plan 2020–2025.

The adoption of these strategies has highlighted gaps in EU policy and set key milestones to ensure greater coherence across different fields and a minimum level of EU action. The Council recommendation on adequate minimum income, which is one of the outcomes of the European Pillar of Social Rights Action Plan, also demonstrates what

concrete changes the strategies could bring to the lives of people living in poverty.

However, none of these strategies or action plans have succeeded in addressing the unequal power dynamics within societies or in achieving a more equitable distribution of resources among social classes, let alone in adopting an anti-poverty approach.

The EU's anti-poverty strategy is not only crucial for the political, legal and budgetary minimum commitments and for ensuring a clear plan to eliminate poverty and social exclusion from the EU. It also provides an opportunity to address class societies and to apply the approach for poverty eradication to other areas of EU policy.

The European Pillar of Social Rights Action Plan lacks ambitious poverty targets and binding mechanisms. The aim is merely to alleviate poverty for 15 million people. Even if this goal is achieved, 1/5 of the population will remain in poverty by 2030. Legislation is also not prioritising the elimination of poverty; it is merely facilitating ways to alleviate it. The Anti-Poverty Strategy presented by Ursula von der Leyen is welcome in order to address the root causes of poverty, not just to alleviate it.

How is poverty defined in the documents?

Poverty is a violation of fundamental rights. It concerns the right to equality and non-discrimination, as well as human dignity. Poverty is much more than a lack of material wealth. It also represents social and psychological deprivation.

Poverty stems from systemic and structural injustice. It is caused by the unequal distribution of wealth and resources. It permeates power relations and historical inequality through gender and gender expression, race and ethnic origin, as well as religion, immigrant status, age, sexual orientation and disability.

Photo: Aleksandar Savic



7. Recommendations from the EAPN-FIN Network

- ▶ The basic rights of people living in poverty must be secured; poverty and disadvantage must not increase.
- ▶ In Finnish society, child poverty must decrease, not increase.
- ▶ A comprehensive reform of social security must be implemented with multidisciplinary impact assessments.
- ▶ Access to social and healthcare services must be improved and the costs of illness reduced.
- ▶ Everyone must ensure access to information for those living in Finland, the availability of digital support must be improved and the underutilization of benefits must be reduced.
- ▶ The operational conditions of social and health organisations must be secured, especially those of volunteer activities, peer support and low-threshold service points.
- ▶ The social participation of those who have experienced poverty must be strengthened.

We encourage our member organisations to highlight issues related to poverty.



Finnish Anti-Poverty Network EAPN-Fin

www.eapn.fi