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ERADICATING POVERTY THROUGH LOCAL & NATIONAL STRATEGIES

FINLAND

POVERTY WATCH 2025

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EUROPEAN ANTI POVERTY NETWORK

POVERTY WATCH FINLAND 2025

According to European Anti-Poverty Network's (EAPN) commission for this year, the Poverty Watch discusses Finland's Sustainable Development Goals (SDGs) and changes that have taken place in Finland from the viewpoint of poverty. The Watch has been compiled in cooperation with the member organisations of the Finnish EAPN network. The report was compiled by Larissa Franz-Koivisto and Ylva Krokfors. The Watch provides a good description of how the change in the political atmosphere has affected the position of poor people and how Finland is progressing in relation to the SDGs set. We have included a few recommendations at the end.

Defining social exclusion and poverty
Social exclusion may be the result of unemployment, poverty, mental health problems, becoming alcoholic or losing the ability to exerting social influence. It prevents people from fully participating in normal societal activities. People are particularly susceptible to social exclusion in the transition phases of their lives, such as at the end of school or studies, an employment relationship or a romantic relationship. The risk of social exclusion is high when a child has to live and grow in an environment that has several characteristics related to social exclusion.

Poverty in Finland is mainly relative poverty. Those who live on social security alone are at risk of descending into poverty. Poverty among families has become more widespread in Finland. Signle parents, unemployed people, students and those in atypical employment are also at risk of poverty. However, measuring poverty is challenging. In a Nordic welfare state like Finland, poverty is usually understood as relative poverty. It means that a person cannot maintain the minimum standard of living expected and generally accepted in the society in which they live. The reason for this is economic deprivation, including a small income. In statistical examinations, relative poverty is thus often equal to relatively low income. The poverty threshold in Finland is 60% of the average household income level.

Finland has set its own national target for reducing poverty and social exclusion by 100,000 people by 2030. The Ministry of Social Affairs and Health has created a special action plan to achieve this target. The EU has also launched a special anti-poverty strategy, which draws Member States' attention to various legislative measures and the policy to reduce poverty to be implemented. This will also be monitored within the European Semester, although the recommendations are not binding on nation states.

1. Reducing poverty in Finland, EU objectives, the Constitution of Finland and Finland's international obligations

Yrjö Mattila

In the current European Semester, Finland has set a goal of reducing the number of people at risk of poverty or social exclusion by 100,000 by 2030. One third of these people should be children. The reference level for the target is 2019, when, according to Eurostat, the risk of poverty or social exclusion affected 838,000 people in Finland. Finland's national target is based on the EU-level headline target of significantly reducing poverty and social exclusion by 2030.

Since 2023, the general policy has focussed on matters other than reducing poverty. The great foreign debt taken by Finland and its payment have attracted much attention, and measures have been taken to adjust the economy to reduce the amount of debt. The anti-poverty strategy has been forced to give way, and low-income earners and vulnerable people have been targeted by cuts arising from debt; their vital social security has been cut. Between 2023 and 2025, the Finnish Government has, for example, suspended index increases in basic social security benefits, lowered the labour market subsidy for young people, extended the work requirement for receiving unemployment benefits to one year, eliminated the effect of pay-subsidised work on the work requirement, eliminated the exempt amount of unemployment benefit and the child supplement, reduced the level of earnings-related unemployment benefit, extended the waiting period of unemployment benefits to seven days, eliminated the municipalities' obligation to employ older people over the age of 58 in the municipality and eliminated the protection rules for older unemployed people. At the same time, housing support for vulnerable people has also been decreased, and unemployment now affects over 10% of the labour force. Finland's unemployment rate is the second highest in the EU.

When discussing proposed cuts in social security in Parliament, the provisions on the security of subsistence defined in the Constitution of Finland (Section 19) have not protected vulnerable citizens from cuts. According to the Constitution, everyone has the right to receive indispensable subsistence and care if they are unable to obtain it themselves. Also, everyone shall be guaranteed by the Constitution 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. When making its decision, the Constitutional Law Committee considered that Finland's financial difficulties justify significant cuts in social benefits necessary to those in a vulnerable position. The Committee has not considered the significant impacts of the cuts on the lives of low-income Finns. It has been possible to approve the proposals by a simple majority and not by a supermajority in Parliament.

According to the law (Section 74 of the Constitution), the Constitutional Law Committee should issue its opinion on the constitutionality of the legislative proposals submitted to it and on its relationship with international human rights treaties. International human rights treaties binding on Finland include both the UN's International Covenant on Economic, Social and Cultural Rights (CESCR) and the revised European Social Charter. Despite the obligations laid down in the Constitution, these treaties have been overlooked in the processing of laws, and it has been possible to adopt said laws on cuts by a simple majority in Parliament. This is despite the fact that the UN Committee on Economic, Social and Cultural Rights has reprimanded Finland for violating the CESCR multiple times. Despite the reprimands, the

Finnish Parliament has suspended the basic social security benefits index again between 2024 and 2027, and the Constitutional Law Committee did not even mention the UN's observations in its report.

The attitude toward the UN obligations also applies to violations of the European Social Charter. In 2014, 2017 and 2023, Finland received a statement from the European Committee of Social Rights (Merits 88/2012, 108/2014 and 172/2017) stating that Finland violates the agreement by maintaining a level of basic social security that is too low. The Constitutional Law Committee has not taken these into consideration, and the Government has continuously proposed new cuts that will further undermine the position of vulnerable people. The contractual obligations have not been realised, and social security has continued to deteriorate in Finland between 2023 and 2025. Finland wants to interpret the obligations of the Charter in its own way by including services in the assessment in addition to monetary benefits. As Finnish citizens receive health services, the requirements of the agreement are considered to be met. However, the Charter requires meeting a minimum monetary level, and in Finland, according to the decisions of the Committee, the minimum monetary level is less than half of the absolute minimum level defined in the Charter. Finland cannot fulfil its contractual requirements with services. The Committee has determined that Finland has repeatedly violated the Charter and kept the level of basic social security benefits too low. For this reason, Finland has been placed under special monitoring in the Council of Europe. In its reports, it must provide information on the measures taken by Finland to remedy the violations.

As a result of cuts in social security, food distribution in Finland is becoming an increasingly important form of social security. Queues to food distribution are often several hundred metres long. Despite the frightening consequences, the Government wants to further reduce the level of social security in 2026. Parliament is currently discussing a proposal to reduce the last-resort security, social assistance, in 2026 and to restrict access to unemployment benefits. According to the proposal, even a minor failure to comply with the terms of unemployment security would result in the suspension of the benefit for one week. On the second time, the suspension will be permanent. The suspension will end after the unemployed person has been in paid employment for six weeks.
Finland's unemployment rate is the second highest in the EU, making it impossible for most unemployed people to end the suspension of the benefit due to a lack of vacancies. The employer decides who to hire. While the unemployment benefit is suspended, the unemployed person may receive the last-resort social security, social assistance, the basic amount of which is EUR 593 per month for a person living alone. In 2026, this benefit will also be either 40% or 50% lower while the unemployment benefit is suspended, for a maximum of six months. If the proposal is approved by Parliament, unemployed people may have to live for six months with a monthly income of EUR 270–300. This is a long time in a country with the highest price level in Europe. The perspective of children and families in the reform of the benefit system and the development of the service system has not been considered when making the cuts. The Government has focussed on the adjustment measures of central government finances and ignored the life opportunities of low-income earners and vulnerable groups. School holidays are especially challenging, as many families have nothing to eat at home and their children are not fed at school. Their only option is to resort to food distribution, which is also facing difficulties. The church's diaconal workers

have reported that there is no longer enough food to distribute as the number of people in need has increased. The Government has not reacted to the church's call for aid.

Implementing the action plan to achieve the EU's poverty target has been interrupted in Finland, and social security is being developed in the opposite direction. As a result of the cuts, poverty has increased. According to calculations by the Ministry of Social Affairs and Health, the social security cuts made in 2024–2025 have increased the number of low-income people by 110,000, of whom 27,000 are children. In 2024 and 2025, the disposable income of over four out of five recipients of social assistance had decreased, and future cuts will increase the number of low-income people. The justifications for the proposed cuts include estimates of how much will poverty increase because of the changes. However, the proposals do not include any comments on the impact of the proposal on the EU's poverty target. It is difficult to believe that the target of reducing the number of poor people by 100,000 by 2030 could be achieved under the current circumstances. This change would require Finland to start complying with the obligations laid down in the human rights treaties and to increase basic social security benefits. Cuts in housing allowance should also be rectified, but no changes are currently expected. The poverty target is linked to the EU's European Semester. Finland interprets the objective of reducing poverty as only a recommendation that can be freely ignored with no fear of sanctions. Finland has the same attitude toward implementing the EU target as complying with international human rights treaties. Recommendations and agreements may be breached if the consequences do not involve effective sanctions.

2. Will we reintroduce poor relief after the welfare state?

Leena Eräsaari, Hyvinvointivaltion vaalijat, Professor Emerita

In the course of history, Finnish governments have consisted of many parties, and their ways of developing social policy differed from governments in which only one party had power. This is why the Finnish welfare state started resembling a patchwork, the result of various political compromises. This policy was also referred to as "sulle-mulle" policy or sharing policy. Thus, the system has various "casting defects", overlaps and inconsistencies that decision-makers have attempted to change over the years, but have not necessarily been successful. Many changes are ongoing now as well.

The welfare state is based on a democratic system, which has built trust in the legitimacy of the state and the equality of citizens as well as promoted the inclusion of citizens in different ways. The welfare state has also been very effective in the sense that a great share of the post-war age groups was able to participate in the "class trip" and rise to the middle class, as the state's actions reduced socio-economic differences, especially through education. This class trip has now come to an end, as the parents' socio-economic status affects their children's school performance and later life, such as career. The welfare state also managed to reduce gender inequalities, even though significant structural differences still exist. The idea of the welfare state includes proactiveness, preventing the emergence of various shortcomings. Foresight and monitoring have been conducted through research, for instance.

A welfare state is more than just the state. Municipalities have been active in organising public services. There are also very small municipalities that face difficulties in organising many statutory services. For this reason, efforts have been made over the decades to change especially the organisation of social welfare and health care. The reform was finally implemented in 2023. Instead of municipalities, social welfare and health care services are now organised by 21 wellbeing services counties. Under the new system, funding is provided by the state, which is problematic. Funding depends on the Government, and the new law was prepared by the previous centre-left government, but it is implemented by a right-wing government. The new Government immediately began saving on social welfare and health care funding.

The level and coverage of the Finnish welfare state was at its best in the 1980s, a decade later than in the other Nordic countries. In the 1990s, Finland experienced a very difficult economic recession after the collapse of the Soviet Union. This marked the start of a “shock treatment”: public services and social security were drastically reduced. It brought forth a transition from the welfare state to the welfare society. The underlying idea of the welfare society is a mixed economy of welfare, where, in addition to public services, non-governmental organisations (the third sector or “voluntary organisations”) and companies provide services. As a result of the 1990s depression, NGOs began organising some public services, but their activities have mostly been funded by the state (previously a state-owned gambling company). Municipalities and the state, which do not provide services themselves but procure them either from organisations or companies, have had to make changes to their administration and competence to suit the customer-provider model. This transition has changed both the public sector and NGOs.
Some organisations have been profiled as service providers, which has fractured the understanding of NGOs in the field.
In addition to municipalities, wellbeing services counties and organisations, service providers include companies and large international businesses that provide, for example, institutional housing for the elderly and different services for children covered by child welfare services.
As the Finnish government programmes lack different equality policies, such as health, education and gender equality policies, it is possible to arrive in the conclusion that the welfare state has been cancelled. It is also possible to consider the preparation of a separate poverty programme (in 2022) a sign of returning to the era before the welfare state. This interpretation is based on the idea that, before the social policy of the welfare state, the only form of security that the state (municipalities) offered was poor relief. The current Government has undermined employees’ rights through many measures, which were among the tenets of the welfare state. The Government does not listen to researchers or consider the forecasts of social and health organisations or studies on the impact of savings on the number of poor people or on people’s lives when planning savings affecting poor people and organisations. The majority of the social security cuts have focussed on the social security of low-income earners or poor people, turning welfare state policy on its head.

3. Poverty in families with children

Ylva Krokfors, LPolSc., Expert on Social and Health Policy, Finnish Association of People with Physical Disabilities, Leena Eräsaari, DSocSc, Professor Emerita

Finland has adopted a goal of reducing poverty in families with children by 33,000 children by 2030, but the opposite trend is currently prevailing: 31,000 poor children more based on an expert report (Tiina Ristikari and Miriam Kalland) by the Ministry of Social Affairs and Health. https://areena.yle.fi/1-75853535 (in Finnish). The development in Finland differs dramatically from other EU countries, where child poverty is decreasing – albeit slightly.

The Government's cuts have already affected children and families with children more than during the 1990s depression. Back then, the cuts focussed on preventive and basic services for children and families. The Finnish Institute for Health and Welfare's (THL) Finnish 1987 Birth Cohort study (2012) shows that the implemented cuts affected the lives of children and young people to a significant degree. Intergenerational issues and disadvantages were exacerbated and regional differences in wellbeing increased. https://www.julkari.fi/bitstream/handle/10024/102984/THL_RAPO52_2012_web.pdf (in Finnish) After the recession, the expenditure of families with children has not been addressed. Instead, amounts protecting children have been cut from social security; for example, the child benefit does not cover the costs arising from children. The current cuts also target amounts protecting children, while the cuts in housing allowance aggravate the plight of poor families with children. The current decisions on cuts concern social security, the basic services provided by wellbeing services counties and the preventive work by organisations. Families with children have increasingly more difficulties with finding help and support on time. https://www.pelastakaalapset.fi/ajankohtaista/hallituksen-budjettiesitys-uhkaa-toistaa-90-luvun-laman-virheet/ (in Finnish) According to an estimate by the Ministry of Social Affairs and Health, 31,000 children will drop below the poverty threshold as a result of social security cuts, in addition to the current 120,000 children. As around 40,000 children are born in Finland every year, the increasing poverty affects the number of children equivalent of almost an entire grade. In the light of children's rights, previous cuts in social security and future cuts in social assistance have problematic combined effects. (Ministry of Social Affairs and Health, 22 September 2025).

The Government's savings will increase poverty in terms of quantity and make it increasingly miserable for those who experience it. Uncertainty in families will increase, and they will accumulate various risks. The younger the child, the more severe mark will poverty leave on them. Child poverty is therefore particularly problematic as it becomes a lifelong partner. In poor families, children's lives are defined by "not having" clothes, hobbies or healthy food, which affects children every day and in the future. Children do not believe in their opportunities, are discouraged and have no hope for the future.

Early low-threshold support for families and children supports them in their everyday lives and reduces the need for heavier and more expensive measures. Saving on preventive services aggravates the plight of families and often their need for remedial services (provided too late). When cuts target developing child welfare according to the Government's objectives, such as the preventive work conducted by organisations, child welfare services are burdened: cuts in cheaper preventive work increase the need for more demanding, expensive and long-term social services.

The UN Convention on the Rights of the Child emphasises that children's rights must be taken into consideration especially because children are unable to advocate for themselves. The UN Committee on the Rights of Persons with Disabilities urged Finland to reconsider the cuts, referring in practice to allocating insufficient funds to social welfare and health care services in wellbeing services counties.

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4. Life of the unemployed in Finland where the unemployment rate is the highest in the EU

Jukka Haapakoski, Executive Director, The Finnish National Organisation of the Unemployed

The livelihood of an unemployed person is determined either based on the labour market subsidy or fixed-term basic unemployment allowance paid by Kela or earnings-related unemployment allowance paid by an unemployment fund. The right to unemployment benefits is granted either when the work requirement is met or at the end of business activities, full-time studies or sickness allowance. In these situations, if the authorities and the unemployed person have different opinions, the unemployed person may end up in financial trouble (e.g., benefits are suspended for the duration of an investigation). Especially unemployed people who have previously engaged in small business activities may find themselves in trouble if the labour policy assessment delays or even prevents them from receiving unemployment benefits.

Their spouse's or cohabiting partner's living situation or changes to it may affect their unemployment benefit (e.g., deduction of home care allowance from the unemployment benefit), as well as the income of the parents in a household https://www.finlex.fi/fi/laki/ajantasa/2002/20021290#O1L1P7 (in Finnish). In addition to unemployment benefits, many unemployed people are entitled to housing allowance and social assistance. Housing allowance can cover up to 70% of eligible housing costs. In practice, this means that the household must always pay at least 30% of its acceptable housing costs, as well as expenditure that exceeds the maximum amount determined by Kela.

Social assistance consists of basic social assistance, supplementary social assistance and preventive social assistance. Basic social assistance is granted by Kela, and the latter two are discretionary support granted by the municipality or wellbeing services county, and their purpose is to address situations that are not covered by basic social assistance.

Social assistance is a form of financial security that is paid out as a last resort. The person or family receiving it is at risk of poverty or already poor. The basic amount of social assistance for those living alone is EUR 593 per month. The basic amount is not paid as such. Instead, it complements primary benefits (e.g., unemployment benefit and housing allowance). When assessing the right to social assistance, Kela calculates all the income, funds and expenses of the family. If the acceptable expenditure exceeds the amount of income and funds, the amount of social assistance granted is the difference of expenditure and income. Social assistance is a household-specific benefit: as a rule, the income and expenses of everyone in the same household are included in the calculation. Statistically, those receiving social assistance earn clearly less than 60% of the median income and are almost always poor. In July 2025, the median income in Finland was EUR 3,495 per month (60% of this is EUR 2,097 per month). In dire circumstances, some unemployed people also seek help from diaconal work, financial support provided by parishes to people who are facing difficulties when statutory social security or social assistance is not sufficient to cover their necessary expenses. The basic principle of support is to provide temporary assistance as a last resort. Some unemployed people also regularly resort to food aid, but it is usually only available in large or medium municipalities.

The Government has cut social security numerous times, increasing poverty among unemployed people. Here are some extracts from YLE's summary of government cuts mainly affecting unemployed people, which have increased poverty or the risk of poverty among unemployed people.

Unemployment benefits: *Earnings-related unemployment allowance has been staggered. The initial earnings-related benefit is cut by 20% after two months of unemployment. After eight months of unemployment, the benefit decreases by 25%. The work requirement for earnings-related unemployment allowance has doubled (link in Finnish). To receive earnings-related unemployment allowance that is higher than other benefits, you must work for one year instead of six months. The right to daily unemployment allowance is now tied to wages, not working hours. You must earn at least EUR 930 in a month. Child supplements of unemployment benefits have been removed. The waiting period for the unemployment benefit has been extended to seven days. No unemployment allowance is paid for this period at the beginning of unemployment or layoff. The exempt amount of unemployment income (link in Finnish) worth EUR 300 has been eliminated. The unemployed person was previously entitled to earn the exempt amount with no effect on their unemployment benefit. Now all gig work reduces the amount of unemployment allowance. Wage-subsidised work does not allow you to meet the work requirement or accrue unemployment allowance. The labour market subsidy for a young person living at home may decrease by 35% of the full amount if their parents' income exceeds the income limit. The increased rate of unemployment benefits (EUR 5.29 per day) will no longer be paid for participating in employment-promoting services. This change applies to labour market subsidy, basic unemployment allowance, earnings-related unemployment allowance and commuting and relocation allowance.*

Housing allowance: *General housing allowance is no longer available for owner-occupied housing, and the allowance was cut by reducing the compensation percentage from 80% to 70%, eliminating the earned income allowance worth EUR 300 and increasing the basic deductible from 42% to 50%. Assets are taken into account again. The assets of the household, such as deposits, real estate, owner apartments and forest property affect the amount and granting of the allowance.* **For social assistance,** *the acceptable housing cost criteria have been tightened (link in Finnish). If the housing costs of the beneficiary of social assistance exceed the municipality-specific maximum, Kela has recommended them to find a cheaper* *apartment. If the beneficiary does not wish to move, they must pay a greater share of the rent themselves. Freezing indexes reduces the purchasing power of benefits* https://yle.fi/a/74-20181145 (in Finnish)**.** The number of unemployed people has increased since 2023. The share of those entitled to earnings-related unemployment allowance among unemployed people has decreased. An increasing number of unemployed people only receive basic social security, and there were 218,507 of them in July 2025. On average, this group receiving labour market subsidy or basic unemployment allowance received EUR 828.21 per month in unemployment benefits. The amount of labour market subsidy in 2025 is approximately EUR 800.02 per month.

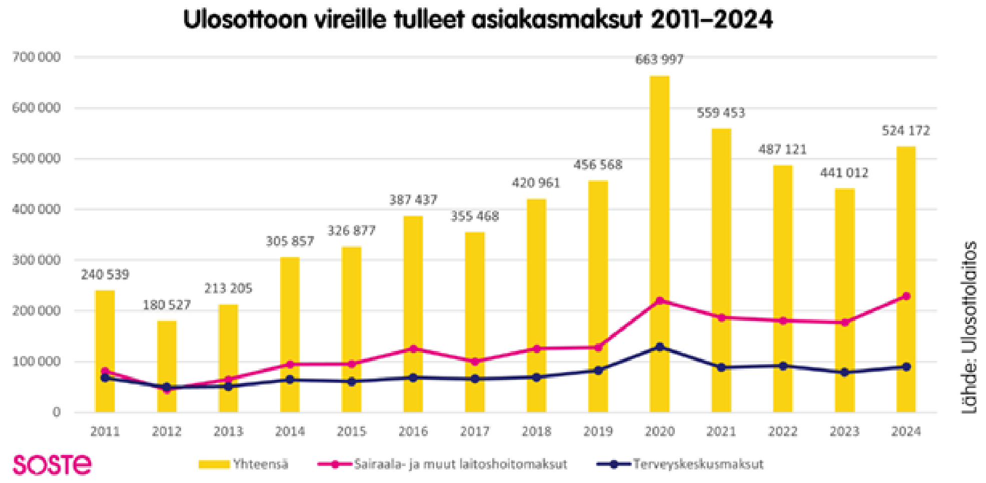
Year	**2021**	**2022**	**2023**	**2024**	**2025**
Earnings-related allowance	141,490	100,653	99,345	109,102	104,224
Kela's unemployment benefits	231,271	185,091	181,215	191,918	218,507
Total	372,761	285,744	280,560	301,020	322,731
Share of earnings-related allowance	37.96%	35.22%	35.41%	36.24%	32.29%

In 2024, the average full earnings-related allowance was approximately **EUR 79 per day**, or approximately **EUR 1,690 per month (https://www.tyj.fi/tilastot/#tulot**, in Finnish).

The staggering of earnings-related unemployment allowance entered into force in September 2024. It is not yet known how the reduction of earnings-related unemployment allowance by 20% after 40 days and by 25% after 170 days has affected the average earnings-related unemployment allowance. The beneficiary of earnings-related unemployment allowance may not be entitled to housing allowance or social assistance. Staggering may cause some beneficiaries of earnings-related unemployment allowance to become eligible for these benefits if their unemployment is prolonged, but they may not necessarily apply for these missing benefits (due to a lack of information).

The Central Organisation of Finnish Trade Unions (SAK) has surveyed the opinions of its unemployed members in Työttömyysbarometri 2025 (the Unemployment Barometer 2025). Those below the low-income threshold (income 60% of the median income) account for 71% of job seekers (in 2024 60%). 43% of the respondents reported that they could not afford food or clothing. This was emphasised among those aged between 31 and 50 years. Three in four jobseekers estimate that their income was not sufficient for unexpected expenses. The unemployed members of trade unions have fallen in a special incentive trap due to their different income structure, even though the strategic objective is to support finding employment. Earnings-related unemployment allowance is usually higher than the basic unemployment allowance, which means that significantly more part-time work is required to benefit financially from accepting work, and low-paid work does not necessarily lead to a higher income level. Inflation increases the cost of working, which can even make part-time work or low-wage work financially detrimental.

Even if 95% of unemployed people would like to work, accepting a job is not always economically sensible. Earnings-related unemployment allowance and housing allowance that many receive at the same time create a stable income. However, it will be undermined if the beneficiary earns even one euro from part-time work because of the exempt amount has been eliminated and the housing allowance is reduced as income increases. If more suitable work cannot be found and unemployment is prolonged, the unemployed person is at risk of staying home and being excluded from society. Trade union members face additional difficulties, as the payment of earnings-related unemployment allowance ends after the deadline, and it is difficult to regain the cover. Extending the work requirement has made it even more difficult for people with partial work ability to meet the requirement and to regain earnings-related security. (Työttömyysbarometri SAK, 2025) Poverty among the long-term unemployed has increased. One indicator of the depth of poverty is the number of social welfare and health care invoices that are transferred to enforcement. Last year, the number of pending social welfare and health care service fees was 524,172.



The number of those with debts in enforcement has been increasing, and 2025 may become a record year. In June, the number of those with debts in enforcement was approximately 450,000.

[kuvan tekstit: Client fees in enforcement 2011–2024

Total

Hospital and other institutional care fees

Health centre fees

Source: National Enforcement Authority Finland]

The opportunities for unemployed people to make full use of health services have deteriorated as the maximum amount of client fees was raised at the beginning of 2025. Unemployed people with limited means may apply for a discount on the client fee by applying for relief to the wellbeing services counties, but the current protocols are very diverse.

Employment services have been transferred to employment areas administered by municipalities. In connection with the transfer, the Government has cut the budget for employment services. The most notable change has been the reduced funding for supporting active labour market policies.

According to the Employment Bulletin of the Ministry of Economic Affairs and Employment: "*The number of people using services decreased at the end of July. The number of persons covered by services included in the activation rate amounted to 69,300, down 32,100 on the previous year. At the end of July, the activation rate was 17 per cent, or 7.9 percentage points lower than the year before. In total, the services covered 2.4% of the workforce."* https://www.tyollisyyskatsaus.fi/graph/tkat/tkat.aspx?ssid=250909154704265&lang=FI&top=3# (in Finnish). Employment is largely based on economic growth, and the number of new public vacancies has decreased considerably – by 38% since last year (https://yle.fi/a/74-20178422, in Finnish).

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Työttömyysbarometri SAK, 2025

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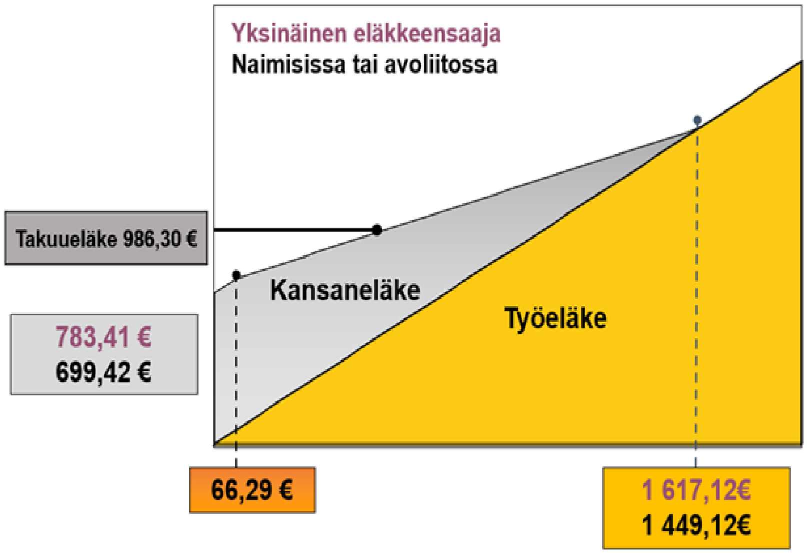
https://yle.fi/a/74-201784223# (in Finnish)

5. The diverse situation of pensioners

Eero Kivinen, Social Policy Specialist, Central Association of Finnish Pensioners

The Finnish pension system has been mostly built on an insurance model, which means that pension accruals are accumulated by paying earnings-related pension contributions. When a person retires, they are paid a monthly pension according to their pension accrual. Currently paid pensions will be increased annually by raising the pension index. If the calculated pension accrual is too low, it will be supplemented by national and guarantee pensions paid by Kela (Figure). The share of the national pension and guarantee pension decrease as the person is paid an earnings-related pension. If the amount of the national pension is under EUR 7.97 per month, it will not be paid at all.



Source: Central Association of Finnish Pensioners

[kuvan tekstit: Individual pensioner

Married or cohabiting

National pension

Guarantee pension

Earnings-related pension]

The Finnish Centre for Pensions publishes the average pensions of Finnish pensioners every spring. At the end of 2024, the average pension in Finland was EUR 2100 per month, but there are significant gender differences: the average pension was EUR 2,438 per month for men and EUR 1,893 per month for women. Thus, the gender difference was EUR 456 per month. This difference has existed for a long time. The median pension was EUR 1,848 per month (Source: Finnish Centre for Pensions 2025). In the longer term, the level of pensions has developed at the same rate as the general wages (Yle 2023). It is estimated that the earnings-related pension index for 2026 will rise by 0.9% (Keva 2025). Especially the gender pensions gap can be explained by a few factors. In the Finnish earnings-related pension system, income over the person's entire career affects their pension accrual, which means that lower-paid employment relationships and career interruptions affect the pension accrual.

In the European context, the Finnish pensioner system is very effective in combating poverty and reducing income inequalities. Both the level of pensions and the purchasing power and livelihood of pensioners are above the European average. Only those aged 65 or over are included in this indicator (Finnish Centre for Pensions 2023). In 2023, 13.6% of pensioners had low income based on the low-income limit, a total of around 217,600 people. According to the study, 30% of 55–84-year-olds feel that low pensions is the biggest problem in Finland today (EETU ry & Verian 2025).

Pensioners’ livelihoods are declining

Retired people do not have access to similar services or tax solutions as employed people or students. For example, occupational health services are reserved to employed people only, and pensioners must use public or self-paid private social welfare and health care services. The need for services also increases with age. There are forms of support for pensioners that are not available to other groups. For example, the housing allowance for pensioners paid by Kela supports them with housing costs, and its terms have not been tightened this year, in contrast to the general housing allowance. The care allowance for pensioners also provides support with social welfare and health care costs. The challenges that pensioners face with livelihood or a low income are not a uniform phenomenon. Low income often involves other factors that affect income challenges in younger age groups as well, such as living alone or a low income. Older people who have had low income earlier in life will often have low income in retirement (Finnish Centre for Pensions 2022).

Measures to reduce poverty among pensioners

Some measures have been introduced in Finland to combat poverty among pensioners. For example, the national pensions and guarantee pensions paid by Kela were increased in 2020. As stated in the Action Plan for Reducing Poverty and Social Exclusion, it is essential to take measures that do not directly target pensioners while combating poverty among pensioners.

The most effective way of influencing the level of old-age pensions is through the pension system during the person’s career: guaranteeing a certain income level, ensuring affordable living and promoting a functional career contribute to a high earnings-related pension later in life. Attention should be paid to the gender differences in pensioner poverty and income inequalities. The difference between men’s and women’s average pension was EUR 456 in 2024.

When combating pension poverty, it is also important to consider perceived poverty and how pensioners are exposed to it. For older and disabled people, the need for social welfare and health care services introduces additional costs that are not relevant at work or during studies. Poverty experienced by pensioners has been successfully mitigated in Finland in some areas, such as housing costs. Still, perceived poverty requires a critical examination of pensioners’ costs of living and addressing the shortcomings observed.

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6. Rehabilitees participating in mental health and substance abuse organisations' activities and persons close to them

Sari Jurvansuu and Taina Heinonen, A-Clinic Foundation, Research Programme of Substance Abuse and Mental Health Organisations (MIPA 2.0)

In 2025, the Research Programme of Substance Abuse and Mental Health Organisations (Päihde- ja mielenterveysjärjestöjen tutkimusohjelma, MIPA 2.0) coordinated by the A-Clinic Foundation conducted a survey for the clients of mental health and substance abuse organisations on the impacts of the cuts in their livelihoods and social security made during the current government term. The economic situation of the people participating in the activities of these organisations is known to be weaker than the average, and their need for services higher (Pitkänen & Tourunen 2016). Data were collected from both those participating in organisational activities due to mental health or substance abuse problems ("rehabilitees") and persons close to them at low-threshold meeting points and through group activities, individual support and online platforms.

Rehabilitees

Social security cuts had deteriorated the livelihood of substance abuse and mental health rehabilitees already in a poor financial position in many ways. 63% of the 518 rehabilitees who responded to the survey reported that covering their expenses was fairly (38%) or very (25%) difficult. Half of the respondents felt that their financial situation had deteriorated somewhat (31%) or much (19%) over the past year. 43% of the respondents had feared that they would run out of food before they could buy more. 36% had not been able to purchase medicines, and 40% had not visited a doctor due to a lack of money. 12% reported they got food from food aid a few times a year and 18% once a month or every week.

23% of the rehabilitees had received social assistance in the past year. 56% of them found the support they received insufficient. 16% of the rehabilitees reported that they had not received social assistance despite needing it. 11% would have needed financial and debt counselling but had not received it. 74% of the rehabilitees reported that the increase in the costs of living in relation to the amount of benefit received had deteriorated their livelihood. 63% reported that the increased deductible of medicines and client fees in health care had deteriorated their livelihood. Changes related to housing allowances (44%) and the profitability of part-time work (33%) and unemployment benefits (30%), such as the elimination of the child supplement, the staggering of earnings-related unemployment allowance and the extension of the work requirement, had also deteriorated the livelihood of many people.

Close persons

Unofficial care provided by a close person may significantly deteriorate the financial situation and livelihood of the close person, for example if one of the earners in the family falls ill and their income decreases, or the close person is forced to reduce their working hours or stop working due to care responsibilities. As social security deteriorates and the conditions for receiving benefits become more stringent, the pressure of close persons to fill the gaps in social security increases. Only a small share of those who support a family member who is a mental health or substance abuse client work as informal carers under contract and receive an informal carer's allowance.

Of the 474 close persons who responded to the survey, 60% felt that it was fairly (36%) or very (24%) difficult to cover their expenditure with their income. Over half of the respondents reported that their financial situation had deteriorated somewhat (30%) or much (23%) over the past year. Many had experienced a lack of food security in the past year: one in three (34%) reported that they had feared that they would run out of food before they had enough money to buy more. At least as many people had not been able to purchase medicines (34%) or visit a doctor (38%). One in seven had got food from food aid at least a few times a year.

One in ten close persons had received social assistance in the past year. Of them, 78% found the support they received insufficient. 13% of the close persons would have needed social assistance but had not received it. One in ten reported that they had not received financial and debt counselling despite needing it.

64% of the close persons reported that increased deductible of medicines had deteriorated their livelihood, 55% that increased client fees in health care had deteriorated their livelihood, and 29% that the elimination of the exempt amounts of unemployment benefits and housing allowance had deteriorated their livelihood. Other cuts in unemployment benefits had deteriorated the economy of one in five close persons. 65% had been affected by rising costs of living, such as increased food and energy prices.

In the current government term, social security cuts have also affected the livelihood of close persons as their family member's need for financial support has increased. 82% of the close persons had supported their family member financially in the year before the survey, 30% more than before. Many close persons stated that their family member had not been able to apply for benefits they were eligible for due to the bureaucratic and complex support system.

Several overlapping cuts in social security/benefits have aggravated difficulties with livelihood in a period of slightly over one year. They are reflected in everyday life, for example, as a lack of food security and the fact that people do not use the health care services they need, which increases socio-economic health inequalities. The risk of poverty has been increased especially by the low level of benefits in relation to the actual cost of living, increased costs of medicines and social welfare and health care client fees, as well as insufficient social assistance. Benefit cuts not only increase the scarcity of everyday life but also reinforce structural poverty and erode the foundations of the welfare state.

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7. Poverty among people with disabilities or chronic illnesses

Ylva Krokfors, LPolSc., Expert on Social and Health Policy, Finnish Association of People with Physical Disabilities

Persons with disabilities and organisations representing them have often not been consulted in legislative drafting as stipulated in the United Nations Convention on the Rights of Persons with Disabilities, and no disability impact assessment has been conducted. Additionally, reports on the effects of increased client fees and social welfare and health care cuts in accordance with the Government Programme on groups who already face major financial challenges have not been considered sufficiently.
According to Kela, the number of recipients of disability allowances was 263,500 at the end of December 2024. Of them,
75% received care allowance for pensioners. The total income of those receiving disability allowances is fairly commonly comprised of several different benefits. For this reason, the challenges in reconciling different forms of support (and potentially earned income) also apply to them. Kelan vammaisetuustilasto 2024 (in Finnish).
Especially working age recipients of disability benefits generally receive basic social assistance. In 2022, around half of the recipients of disability benefits receiving basic social assistance received basic social assistance for 1–3 months during the year. It may only be relevant in certain months, for example, when they need to cover high medicine costs. Vammaisetuuksien saajat saavat selvästi muuta väestöä yleisemmin perustoimeentulotukea | Kelan tietotarjotin (in Finnish)

Many people with disabilities or chronic illnesses are unable to improve their income through paid work due to their limited functional capacity. Many personal assistants do not have the opportunity to work full time because of health problems, studies, etc. Cuts in exempt amounts have further reduced their number, which in turn deteriorates the inclusion of persons with disabilities in need of personal assistance, the opportunity to work, study, etc. Increasing the value-added tax has increased the prices of food and medicines, which also contribute to the poverty of persons with disabilities or chronic illnesses.
Client fees for social welfare and health care were increased on 1 January 2025. The wellbeing services counties were allowed to decide whether to increase the client fees for primary health care by no more than 22.5% and the client fees for specialised medical care by no more than 45% from the beginning of 2025. Most of them have increased the client fees by the maximum amount permitted by law.
Increased health care fees have limited access to services. Some persons with disabilities have reported that they have cancelled a doctor’s appointment that they had waited for months because of the costs; they fear that they will have to pay an appointment fee and a treatment follow-up call and purchase expensive medicines that they cannot afford.
They should have access to care and health assessment in primary health care within a reasonable time, and client fees should not be a barrier to this. The deterioration of basic health care services increases the need for specialised medical care.

At the time of writing, more legislative proposals affecting persons with disabilities and chronic illnesses will be submitted to Parliament, which will result in further cuts and increases in fees.

It has been proposed to cut the social assistance by its basic amount. Social assistance could be reduced if, before applying for social assistance, the person did not register as an unemployed full-time job seeker or apply for primary benefits. Working is not even possible for everyone with disabilities and chronic illnesses. In his statement, the Deputy Chancellor of Justice stated that the impacts of the proposal should be assessed separately for the realisation of the fundamental rights of disabled workers. Toimeentulotukilain muuttaminen | 16.6.2025 | Valtioneuvoston oikeuskansleri | Finlex (in Finnish)

It is proposed that the scope of the fee for unused social welfare and health care services be extended and that the maximum amount of the fee to be charged be increased. Persons with disabilities should not be held liable for unused service/reception appointments if it is due to reasons beyond their control, for example, if their assistant falls ill, there is no substitute, or the called transport does not arrive.

Services for persons with disabilities are essential for those with disabilities if any other available services are not enough to ensure a smooth everyday life and to fulfil individual service needs. With services for disabled persons, their inclusion and fundamental rights are realised in an equal manner.

The new Disability Services Act entered into force on 1 January 2025. The client fee imposed on a person with a disability and the provision of the service free of charge are valid for the period of validity indicated in the decision on the fee or service, or until the decisions are brought into compliance with the Act, but no more than three years after the entry into force of the Act, i.e., until the end of 2027.

In addition to the Act on Client Charges in Healthcare and Social Welfare, section 2.4 of the Disability Services Act should be considered when imposing client fees; the “protection provision”: the wellbeing services county must conduct an assessment on reducing or not collecting the client fee and, on this basis, decide on reducing or waiving the fee. The protection provision must be complied with if the fee prevents or hinders the individual organisation and use of services. We have been contacted for advice, and we have learned that people with disabilities have been informed that they will not be granted any fee reliefs for specialised medical care.

The stricter interpretation of the criteria for receiving services under the Social Welfare Act and the Disability Services Act as well as the extended waiting time for service decisions increase the plight of those in need of services, even causing them to fall outside the reach of systems.

People often contact disability organisations about attempts to replace disability services with paid services referred to in the Social Welfare Act, which rarely meet the service needs of persons with disabilities. For example, quick home care visits do not in any way correspond to, for example, a personal assistant service that allows a young person with disabilities to get out of their home, study and engage in hobbies.
https://www.soste.fi/blogikirjoitus/sote-asiakasmaksut-ja-epayhdenvertaiset-palvelupaatokset-heikentavat-vammaisten-ihmisten-arkea/ (in Finnish)

The UN Committee on the Rights of Persons with Disabilities is concerned about the situation in Finland

On 3 September 2025, the Committee issued its first report on how the United Nations Convention on the Rights of Persons with Disabilities has been implemented in Finland and its recommendations. The Committee highlights the budget cuts in social welfare and health care services since autumn 2023, which are also present in the budget proposal for 2026, and states that the cuts disproportionately affect persons with disabilities and organisations representing them. The Committee recommends compensating for the financial losses these cuts cause for persons with disabilities and organisations representing them as well as amending the system to secure their livelihoods and finances.
The Committee also raised concerns about inequality in health services for persons with disabilities in different wellbeing services counties. It recommends ensuring that the pricing of medicines and care is amended to ensure that everyone with disabilities, including persons with disabilities and a low income, can receive them in a timely manner. How the State of Finland responds to the concerns expressed by the Committee remains to be seen.

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8. The difficult status of immigrants in Finland

Larissa Franz-Koivisto, Secretary General, Caritas Finland

International migration has become a popular topic in the entire EU, and it has had a decisive impact on current policy. Social security benefits for immigrants have been cut in many countries, and similar developments and reports are also under way in Finland. The conditions for residence permits have been tightened, and the grounds for family reunification have been restricted. The conditions for applying citizenship have also become more stringent. These have major impacts at the individual level. Can I stay in this country to work, can I raise my children in this country, and can my spouse come to Finland? The zeitgeist strongly suggests that immigrants are “harmful” and a major “expense” for society. At the same time, many EU countries recruit new employees from third countries, as there are not enough local employees, and demographic development trends in Finland look very negative without immigration. Finland is still one of the EU countries with a low population of people with a foreign background. In Finland, their share is 10.8% (2024), but the number has continuously risen over the past two decades.

The word “integration” is essential when discussing immigration. The term became established in Europe after the Second World War, and it refers to policies, administrations and services that support immigration. Finland has been one of the countries that has invested in multiculturalism and services that support integration. Services have been built to support the transition to normal services as quickly as possible according to the normal service principle. This means that there are no separate services for foreign-language speakers and Finns after a transition phase. Now, however, the tightened immigration policy, the decreased social security benefits for immigrants, the colder attitudes and increasingly visible racism send a different message. These also affect poverty and the increase in poverty among the immigrant population.

Immigrants often have to work twice as hard to gain a foothold in society. When unemployment in a country is high, it is also higher among immigrants. They often have to apply for more social benefits than the rest of the population, as finding employment and a market position is more laborious and challenging for them. International students in Finland are currently facing special challenges, as they have been unable to find traineeships and part-time work. This causes them to seek food aid in order to avoid poverty, and their family that has arrived in Finland with them often suffer as well.

Education is an important factor in the integration of immigrants, but it also poses challenges. Some immigrants have not received sufficient basic education before arriving in Finland, and it may find it difficult to adapt to the Finnish education system. Lack of education affects employment and increases the risk of poverty.

Social integration is important for immigrants so that they can build networks and participate in society and thus improve their inclusion and sense of belonging in society. However, different cultural and linguistic barriers may make this process more difficult, and society has a great responsibility to accept immigrants as equal members. As the atmosphere becomes xenophobic, sometimes sparking anger and rage, this process becomes painful and complicated. Immigrants are vulnerable to exploitation, human trafficking and turning to crime. They have fewer options and suffer from a lack of perspective. Unfortunately, low income and poverty are significant risk factors for the above-mentioned issues.

Compared to many reference countries in the EU, Finland has done well in the field of integration, offering comprehensive services and the same benefits that are offered to Finns. The new comprehensive reform of the Integration Act entered into force at the beginning of 2024. It was linked to the structural reforms of social and health care services and the objectives of providing better support for education and employment. The implementation of the Act is under way.

Yet many immigrants live in poverty or experience economic insecurity. This is due to many factors, such as employment in low-wage sectors, part-time work and unemployment. Immigrants move to larger growth centres seeking work, which leads to confined and often expensive housing. All this also has an impact on the second generation.

Poverty is a key problem among immigrants, which is why it is important to develop measures and to maintain services supporting integration that promote raising their level of education, facilitate employment and support the integration and wellbeing of immigrants.

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9. Different approaches to poverty

9.1 The need for food aid has increased for six consecutive years

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Food aid in Finland is diverse assistance that is organised by around 1,000 organisations, associations, foundations, parishes and other actors either as their main or side activity. Food aid is not part of Finnish social security; it is mainly based on voluntary civic participation. According to estimates, approximately 200,000 people resort to food aid every year (Laihiala & Nick 2020). Food aid distributes individual food items, food bags and ready-made meals as well as organises community meals and coffee and snacks services. The majority of food is surplus from shops, wholesalers and factories, but some actors also buy food to be distributed themselves. In recent years, distributing surplus food from cafeterias and central kitchens has become more common (Foodaid.fi 2025).

The need for food aid has increased in Finland for six consecutive years, and the trend continues. In the Ruoka-avun tilannekatsaus (food aid status report) survey, 73% (n=286) of the responding food aid actors felt that the number of clients in food aid had increased in 2024. The need had increased especially among families with children, refugees from Ukraine and other immigrants. (Foodaid.fi 2025)

The increase in the need for food aid is influenced by the cuts in social security made by the Finnish Government in 2024. People had less money to spend. For example, housing allowance cuts affected many food aid users, and the societal situation was also visible as an increased demand for advice and other support. (Foodaid.fi 2025)

According to a survey conducted by the Finnish Red Cross in 2024, poverty also affects an increasing number of people in Finland. A total of 700 people using food aid responded to the survey. 41% of the respondents reported that food aid is necessary for them or their family to cope. 43% had to save on compulsory expenses, such as medicines, food or bills, from time to time. 71% of the respondents reported that food aid has improved their own or the family's wellbeing. (Kotiluoto 2024.)

In 2023, material aid projects intended for those with limited means funded by the European Social Fund (ESF+) were launched in Finland, distributing payment cards worth EUR 40 for purchasing food and basic goods (Finnish Food Authority 2025). There has been a great need for these cards after the cuts in social security and benefits. The need for help and financial distress has been visible as hopelessness and a lack of perspective. In particular, cuts in housing allowance, changes to unemployment benefits and decreasing the last-resort social assistance have caused financial distress, rental debts, evictions and pressure to move. Many people in need have sought help from diaconal work in parishes, which has become the last-resort form of help for many of those in need.

Food aid and sustainable development goals

Finland is pursuing the sustainable development goal of ending hunger by 2030 and ensuring that everyone, especially the poor and the disadvantaged, including children, receive enough safe and nutritious food throughout the year. The growing need for food aid tells us that these development goals are not met. Food aid does not eradicate poverty. Instead, it has become a complementary component of inadequate social security. Food aid is used by people who have to decide how to use their limited money: on food or, for example, on medicines. Using food aid allows them to use a small amount to cover other necessary costs. Food aid activities also contribute to the promotion of the sustainable development goals by reducing food waste: food that would otherwise become waste is used for human consumption.

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9.2. Economic harms related to gambling in Finland

Teresa Tenkanen, MSocSc, Project Planner, the Rahat pelissä project, Guarantee Foundation

In Finland, gambling is very common and socially accepted compared to many other European countries, even though the popularity of gambling among Finns has decreased in recent years. According to the Suomalaisten rahapelaaminen (Gambling in Finland) population survey, 70% of Finns (2.5 million people) had engaged in some form of gambling in 2023. A quarter of them played weekly or more often. The most popular game types were lottery games or Jokeri (52%), scratch cards (40%) and slot machine games outside the casino (18%). Finns aged 15–74 spend an average of EUR 12 per week on gambling. Men spent significantly more on gambling than women (on average, men EUR 18 and women EUR 5 per week) (THL 2024.) Gambling is most common among those aged 45–59; gambling at a moderate risk level or at a problematic level is most common among young adults aged 18–29 (6.6%, the rest of the population 4.2%). Men (75%) engaged in gambling more often than women (65%). Online gambling has become more common among Finns: 44% of the respondents to the population survey gambled online in 2023 (THL 2024.)

Gambling causes economic harm and accumulates debt

Although Finns engage in gambling less than before, the negative effects of gambling have not decreased. Problems caused by gambling, especially economic problems, have become worse and more complex: those who gamble often lose large sums. According to the population survey, the most common harms caused by gambling were emotional harms, but also economic harms. In Finland, gambling consumption is polarised and concentrated: a small group of people gambling at a problematic level loses significant amounts of money; in 2023, 2.2% of gamblers accounted for half (50%) of the total gambling consumption. At the population level, this is 54,000 people. Almost half of them had gambled at least at a moderate risk level. (THL 2024.)

The most important negative effects of gambling are related to finances, such as over-indebtedness, rent arrears, using savings to gamble, quick loans or a reduced amount of money available for other weekly expenses. The long-term nature of the economic harm makes recovery from the gambling problem and rehabilitation particularly challenging: many gamblers have large debts after they stop gambling. Experts by experience in the Sosped Foundation's Pelirajaton programme describe the long-term nature of economic harms, which may hinder the recovery from the gambling problem and increase the risk of relapse. Indebtedness related to gambling is particularly damaging to risk groups, and it is often associated with foreign gambling providers or those outside the scope of the licensing system. According to a study conducted by the University of Helsinki, indebtedness was more common among those who gambled outside the system, and especially among those who used both Veikkaus's and other companies' games (over 55%) (Marionneau et al. 2023, Marionneau & Nikkinen 2024). According to studies, there is a link between gambling problems, the related economic problems and self-destructive behaviour (Marionneau & Nikkinen 2022).

Gambling harms and economic harms are visible in assistance and support services

Financial difficulties caused by gambling are visible in the services provided by those offering assistance with gambling problems. According to the statistics of Peluuri, a service offering assistance with gambling harms, the use of loan or consumer credits for gambling has grown steadily in recent years (55% in 2023, 53% in 2022, 47% in 2021). When gamblers contacting Peluuri have mentioned the amount of their debt, it was most commonly between EUR 20,000 and EUR 50,000 (30% of gamblers). Almost all of the gamblers with over EUR 10,000 in gambling debt are primarily online gamblers (98%). (Peluuri Annual Report 2024.)

Many clients who contact the services of the Guarantee Foundation have a background in gambling, and hundreds of clients applying for a loan against a personal guarantee or small loan have become indebted because of gambling. Young men under 30 years of age are a notable group among those who have accumulated debt due to gambling. In 2024, the average amount of unsecured debt for gamblers was over EUR 13,000 more than for other clients of the advisory service (Guarantee Foundation 2025). One notable phenomenon is the intergenerational nature of gambling and behaviours learned at home: gambling has always been common in the family and other family members than the parents gamble as well.

The Positive Credit Register, which entered into force in 2024, may have slightly limited the availability of new credits. New phenomena in client work include people investing in cryptocurrencies and scams related to cryptocurrencies. Phenomena related to financial risks and various online and telephone scams that have become considerably more common in recent years may contribute to people's economic problems and poverty in the future. Safe information and trustworthy communication about these constantly evolving phenomena are constantly needed.

The upcoming change in the gambling system is likely to increase the negative effects of gambling

The offering and marketing of gambling increases the prevalence of gambling. Gambling increases the perceived negative effects of gambling. From the beginning of 2027, Finland will adopt a licensing and multi-licensing system in which, according to studies, the most harmful games of chance (e.g., online slot machines and other casino games as well as sports betting) will be opened to international competition. With the new gambling system, dozens of new gambling operators are expected to arrive in Finland, which will significantly increase the offering, marketing and availability of gambling to Finns.

At the same time, the current monopoly holder Veikkaus Oy will maintain its exclusive rights to lottery games and scattered physical slot machines, which will not be removed under the new gambling act. At the time of writing (autumn 2025), the gambling act is discussed by Parliament.

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9.3. Over-indebtedness and debt poverty

Minna Mattila, Director, Guarantee Foundation

Households' payment difficulties have serious consequences for individuals and society. As payment difficulties become more severe and turn into over-indebtedness, the wellbeing of the household begins deteriorating significantly and characteristic of poverty begin emerging in everyday life. According to Statistics Finland, approximately one in two households is in debt. Almost 30 per cent have mortgages. In 2024, the average debt amount was EUR 94,400. Families with children including two adults had the highest amount of debt, EUR 168,600. Mortgage loans accounted for approximately 70% of the debt amounts in euros. [1] Debt problems affect a significant proportion of households. According to the Overall Review of Indebtedness as a Phenomenon report, approximately between 9% and 12% of the working-age population meets the criterion of over-indebtedness. Enforcement, payment default entries and payment difficulties reported by debtors were used as indicators. [2] According to a study on over-indebtedness of families with children, over 100,000 children lived in over-indebted families in 2020. [2] Since 2020, several changes have tested the economic flexibility and resilience of households: the economic consequences of the COVID-19 measures, rising food and energy costs and interest rates, drastic cuts in benefits and rising unemployment rates. These changes are already affecting households' debt problems and will continue to affect them in the coming years.

Over-indebtedness is one of the dimensions of poverty

When someone becomes over-indebted, they have so much debt that they cannot fulfil their financial obligations without difficulty. The debt burden of an over-indebted person may be unsustainable either objectively or in their subjective experience. [2, 3, 4] People whose income is above the average may also become over-indebted. Households may have assets, but they cannot solve their over-indebtedness by realising them. Another hallmark of over-indebtedness is that it limits people's opportunities for action. Public register entries revealing debt problems, such as payment default entries, make it more difficult to obtain a telephone subscription, electricity contract, home insurance, rental housing and even a job. [3]
Poverty indicators based on income alone overlook how debt management reduces everyday consumption opportunities, and that indebted households cannot achieve similar consumption or activity as other households with the same income level. [3] This phenomenon may be referred to as "debt poverty", differentiating it from income and wage poverty. Debt poverty and income poverty may also occur simultaneously. For example, people experiencing income poverty may use their wages and/or social benefits that do not adequately cover the basic costs of living to pay instalments or overdue invoices. Among Guarantee Foundation clients, this group typically includes young people with a low income, pensioners, students and those working in a low-paid sector or those working part-time. Over-indebtedness features many typical characteristics of poverty. It is a source of shame and stigma, it undermines self-esteem, social relationships, functional capacity and faith in the future, and exposes people to mental health issues and other health problems. Over-indebtedness is also intergenerational. [3, 4, 5]

Over-indebtedness is caused by a diverse set of often intertwined individual and family-specific, structural and societal factors. Typical risks include changes in the employment and family situation, illness, low income and addictions. Challenges with financial skills, such as unregulated daily consumption and lack of anticipation, including a lack of savings, significantly increase economic vulnerability. Our culture encourages overconsumption, and flexible lending with many simultaneous credits enables it. [4, 5] Especially housing costs and other spending commitments that are difficult to adapt are significant risk factors. It is difficult to reduce housing and debt management expenditure or realise assets quickly to compensate for a more difficult financial situation. [2] The client work of the Guarantee Foundation shows that reducing customary consumption expenditure requires an adaptation period. Low-income earners may not be able to reduce their expenditure. Some people's functional capacity is paralysed as their financial situation deteriorates, and they stop managing their financial matters; some people's overly optimistic attitudes and emergency solutions lead to poor choices. They often seek to resolve their financial difficulties by applying for a new loan that covers daily expenses or monthly instalments of debts, which significantly aggravates their financial difficulties. [5] The risk of accumulating rent arrears also increases. According to Salo, Tahvonen & Lassander, the deterioration of the financial situation experienced by the household, both anticipated and unexpected, increases the likelihood of over-indebtedness. [2]

Preventing over-indebtedness and solutions

The first national strategy for financial literacy was created in Finland in the 2020s. [7] The key implementer of this strategy is a network of financial experts that includes public, private and third sector actors and researchers. [9] The Positive Credit Register was introduced in 2024, the main objective of which is to prevent over-indebtedness of households. [8] There are several services and actors that promote financial literacy and provide financial and debt counselling in Finland. There are smaller and larger, national and local, free and commercial services available. These include the low-threshold financial counselling services of the National Legal Services Authority and the National Enforcement Authority of Finland [9] and the Guarantee Foundation, which supports professionals and volunteers encountering financially vulnerable people in discussing financial matters and develops financial management tools and materials, for example, through various cooperation projects. [10] People often only seek services when their finances are in crisis, and the amount of debt is high in relation to their income. Free advice is available from the National Legal Services Authority's financial and debt counselling and from the Guarantee Foundation. Debt problems may be solved by means of a last-resort legal debt arrangement, or the debts may be restructured with an arrangement based on a guarantee from the Guarantee Foundation or a social credit. [9, 10] Promoting preventive financial literacy would allow reaching different groups of people as timely as possible to avoid a debt crisis. There is also a need for new ways for households to manage their debt problems more agilely and at an earlier stage.

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9.4. Meeting places and day centres as promoters of inclusion

Susanna Kiuru, Organisation Manager, Pekka Lund Executive Director, Finnish Blue Ribbon

The COVID-19 in the margins of society (KoMa) project studied, e.g., visitors of day centres. The results of the study were striking. As many as 88% of the visitors agreed at least somewhat with the following statements about inclusion: they felt safe, felt cared for, felt equal, were able to speak and be heard. The study also inquired visitors about their coping during the COVID-19 restrictions in 2021. Visitors considered meeting places the most important factor affecting their coping, even more important than family or friends. The KoMa study demonstrated that the current day centres were able to offer experiences of inclusion to people who are otherwise marginalised by poverty, from services and social networks.
The situation has changed after the study data were collected. The reform of the Social Welfare Act introduced a new section to the act in 2023, requiring wellbeing services counties to organise day centre services. To differentiate services provided by organisations from statutory services, the day centre activities provided by the former are now widely referred to as "meeting place activities".
Wellbeing services counties must organise a day centre service for persons with substance abuse problems. These services include social counselling in addition to fulfilling basic needs. It must be possible to use the day centre service referred to in the act intoxicated and anonymously. The day centre service can be implemented as a wellbeing services county's own function or as a procured service, although officially liable social guidance must be provided by the wellbeing services county itself.
The day centre service is at least partly intended for the same group of people as meeting places. Still, it is also clear that the statutory day centre does not reach the same people as the previous day centres. The statutory service is specifically a substance abuse service for active substance abusers, while the previous day centres reached a very large group of people facing difficulties in life. Day centre activities also seem to be focussed on large urban areas; in practice, the service is only available in the largest cities.

Meeting places must be secured

The day centre service is a great reform, but it is not supposed to be nor can it create communities of participation in the same way as the day centres that existed before the new act. Day centre services are needed, but it is not enough to address all important issues related to inclusion. The meeting places of organisations continue to complement the work of day centres through their broader target group, the more diverse nature of their activities and regional coverage. The importance of communities providing inclusion has not declined. In recent years, the operating environment of these organisations has undergone several simultaneous changes that have a key impact on the activities of the organisations. In addition to the section on day centres of the Social Welfare Act, the transition to wellbeing services counties, cuts in STEA funding, changes related to pay subsidy and rehabilitative work activities, as well as challenges in providing food aid have affected the operating conditions of organisations. It is important that organisations can complement the service system with activities that support inclusion in different areas in the future as well.

9.5 Informal carers in the grip of poverty and politics

Matti Mäkelä, Regional Coordinator, Carers Finland

It is estimated that there are approximately 350,000 informal care cases in Finland, of which 60,000 are binding and demanding. According to the Finnish Institute for Health and Welfare (THL), 40,000 of them are informal carers under contract. According to a survey conducted by Carers Finland in 2024, over 40% of informal carers and over 60% of informal carers of special needs children reported that informal care had deteriorated their own financial situation. Informal care undermines the livelihood of informal carers of working age in particular. A key reason for this is the difficulty in reconciling gainful employment and informal care. Many have had to reduce their working hours or quit gainful employment because of their care tasks.[1]

"I cannot work, I would not be able to cope or do it while being an informal carer. I am a single parent as well, so we are very poor. Yet I choose this rather than placing my child in an institution. I would never want that." (Informal carer of their own child who responded to the 2024 informal carer survey).

According to a study by the Finnish Centre for Pensions, the income of informal carers of working age is on average 66% of the income of the rest of the population. Informal care limits careers, reduces pension accruals and exposes people to poverty both in working age and later in life.[2]

Informal carers are at risk of over-indebtedness and dropping below the poverty threshold. Recently, there has been much public debate about whether working-aged people should take even greater responsibility for the care of their elderly parents.

The Government Programme (2023–2027) contains several entries related to the development of informal care, but little resources have been allocated for the reforms in practice. Let us take the comprehensive reform of the Act on Support for Informal Care as an example – it seems that the goal will not be achieved. Social security cuts and the financial discipline of wellbeing services counties also deteriorate the status of informal carers. In some wellbeing services counties, the appropriations reserved for supporting informal care in 2025 were already used before the summer, and no new informal care agreements will be concluded in the rest of the year.

The Government has proposed an increase in the minimum informal carer's allowance from 2026 onward: the allowance would increase by approximately EUR 45, to EUR 530 per month. Even with the proposed increase, carer's allowances remain low even in highly binding informal care cases.

In addition to financial concerns, fatigue and other health risks burden the everyday life of informal carers. Informal carers need a break from caring for a close person so that they can take better care of their own wellbeing. Only around half of informal carers under contract have taken their statutory leaves.[3] According to a survey conducted by Carers Finland, 60% of informal carers under contract had not taken their statutory leaves, and 80% of the respondents felt that informal care had negatively affected their own health.

According to the Government Programme, the coping of informal carers will be improved by increasing the possibilities for informal carers to take leave. According to THL, wellbeing services counties face challenges in organising statutory leaves. There are too few short-term care places, or they are not well suited for the cared person.[4]

Equality, non-discrimination and the gender perspective

Demanding and binding care for a close person has negative effects especially on women's career development, as the majority of informal carers are women. Informal care makes it more difficult to remain in the labour market, reduces the number of working hours and increases the risk of premature retirement, which directly reduces the pension accrual. The gendered nature of care and its economic consequences are not yet reflected in policy measures. Informal care is glaringly absent from the Government Action Plan for Gender Equality 2024–2027. A wake-up call on care is needed in the labour market. The need for reforms has been discussed for years. Effective and earnings-related family leave solutions have been available for the care of young children for a long time, but it is difficult for an employee to find flexibility when caring for their elderly parent.

The social security reform and informal care

One of the key objectives of the social security reform is to encourage working. This objective cannot be fulfilled if care responsibility prevents working. The reforms have not provided structural solutions for the livelihood of informal carers or for reconciling informal care and gainful employment. If the Government proposal for legislation on general social security benefit were to be adopted, the development may even be the opposite, deteriorating the livelihood of informal carers and substitute carers. The risk of care poverty will increase unless informal care is integrated more extensively into social security structures.

Sources

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[2] Finnish Centre for Pensions 2024

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9.6. Digital services as a priority in official communications by 2026 – will they reach all citizens?

Leena Valkonen, Communications Expert, Member of the Board of EAPN-FIN

Finland is one of the fastest developers of digitalisation in Europe. The Ministry of Finance has prepared a programme, the aim of which is that Finns will begin receiving decisions, documents and other notifications sent by public authorities primarily digitally from the beginning of 2026. The legislative proposal will be discussed in Parliament in autumn 2025.

The priority of digital services is a socially significant change that affects the everyday life of almost everyone living in Finland. Suomi.fi e-Identification and channel will be used in services. To use services, citizens must have access to a computer, tablet or smartphone as well as personal online banking codes or a mobile certificate used for strong identification.

Adults identifying themselves in authorities' e-services, such as MyTax or OmaKela, will gain access to Suomi.fi Messages in connection with Suomi.fi e-Identification without giving consent separately, unless they are already using the service. They may send a notification in the system to stop receiving electronic messages. Those who cannot use digital services will continue to receive official mail on paper unless they choose otherwise.

Investments in digital skills and the service network are needed

Digitalisation has also expanded and taken priority in social welfare and health care services. Booking an appointment or visiting a doctor may require using more than one digital channel. It is possible to contact the services by phone, but callers may need to wait for a callback for a long time, up to several weeks. If they do not have the time to answer the phone or they miss the call, their matter may be delayed, with even fatal consequences.

According to the Finnish Institute for Health and Welfare (THL), the possibility of using digital services is affected by many factors, such as skills, functional difficulties, accessibility of tools and previous experience in using digital services.

Acting on behalf of another person, such as acting on behalf of an older family member, requires an authorisation, which requires visiting a service location of the Digital and Population Data Services Agency. Local service networks have been reduced, and especially in sparsely populated areas, people may need to travel for hundreds of kilometres to obtain an authorisation.

Focus on digital exclusion

Estimates of the number of digitally marginalised people vary. It is generally estimated that there are over one million people in Finland who have difficulties and problems with using digital services. Not everyone is a digital native; some people do not have an address or banking codes or a device at their disposal. Young people are also excluded from electronic official communications according to, e.g., an article published in Helsingin Sanomat in early 2025 that interviewed digitally marginalised people.

The Digituen näkyvyys hyvinvointialueilla (Visibility of digital support in wellbeing services counties) report published in spring 2025 by the Finnish Association for the Welfare of Older Adults's SeniorSurf indicates that there are over 1.3 million people aged over 65 living in the wellbeing services counties of Finland who have considerably weaker digital skills than the younger population.

According to the Digital and Population Data Services Agency's Digital Skills Report 2023, 22% of 75–89-year-olds have basic digital skills, but one third of the report that they do not use the internet at all.

According to a report by Ikäteknologiakeskus, 53% of people aged over 75 feel that digital services facilitate cooperation with social welfare and health care professionals. 49% of the respondents were concerned about the security of the services, and 31% felt that they needed guidance in using the services.

Authorities are responsible for providing support for their own digital services. When building digital solutions, public administration must increase its awareness of the interdependence of systems and assess an appropriate level of dependency. They must also take digital security and the prevention of digital scams into consideration. Digital support must be part of everyday life and an integral part of the design of customer processes. Digital support should be considered and developed in a client-oriented manner.

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9.7. A female perspective on poverty

Leena Eräsaari, Hyvinvointivaltion vaalijat, Professor Emerita

Wages have long been considered an important indicator of gender equality, and the goal is equal pay for equal work. However, this kind of equality has not been realised, as the woman's euro has been only 84 cents at its best. Women's lower wages are explained by, for example, the segregated labour market: women work in reproductive professions in the public sector, work part-time in low-paid service sectors, and their employment relationships are interrupted due to different obligations related to care. Women have shorter careers than men and lower wages, which means that their pensions are also lower than those of men. Earnings-related pensions are linked to the length of the career and the wage level, which means that based on their careers, women's pensions are lower than those of men.

The current Government decided that public sector wages must not rise more than the export industry. Wages in the public sector that employs women are lower than those in the private sector, and as future wage developments are reinforced like this, it will not be possible to bridge the gender income gap in the future either. Thus, the gender pay gap is "enshrined in law", both now and in the future.

Unemployment among women has increased to 9.6% over the past year, as cuts have been made in public administration, social welfare and health care. (https://stat.fi/en/publication/cm0xojz6906j407w3vphpfpnz, cit. 10 September 2025) At the same time, both unemployment benefits and the housing allowance have been cut. Especially the lives of poor single parents (98% of them being women) and their children have become unstable.

In addition to working as teachers and caregivers in the public sector, women also care for person close to them and their friends more than men do. As there are serious shortcomings in the provision of public care (especially care for senior citizens), women become informal carers more often than before, even though only a small share of women caring for their relatives receive public support for their efforts. Low-income women are burdened by increasing care obligations and by the care deficit when they need care later in life.

Violence against women is a crime that violates human rights and equality and a wide-ranging problem. Finland is the most unsafe country for women in the EU. (https://naistenlinja.fi/naisiin-kohdistuva-vakivalta-suomessa/, cit.10 September 2025, in Finnish). Violence against women with disabilities is particularly common, 2–4 times higher than among those with no disabilities.

Finland is committed to the Council of Europe Convention on preventing and combating violence against women and domestic violence. The EU directive on combating violence against women, which entered into force in 2024, is also applicable. International bodies have criticised Finland for insufficient measures, such as the insufficient number of shelters for women who have experienced violence.

9.8. Prisoners as beneficiaries of social security

Marjatta Kaurala, MPolSc, RETS Ombudsman, Life Without Crime foundation (RETS), Member of the Board of EAPN-Fin

There have been no changes to prisoners' social security. Their right to social security varies depending on whether the prisoner is a person remanded in custody, a prisoner who is serving a sentence or a person who is serving a sentence on parole. Remand in custody pending trial is not a punishment but a coercive measure during the investigation, in which case many social security benefits are granted without interruption. A person serving a sentence on parole is entitled to the same benefits as other citizens. For those in unconditional imprisonment, most benefits are interrupted as defined by law, either at the beginning of the prison sentence or after three or six months. The only benefit that continues uninterrupted is earnings-related pension. The possibility of retaining their dwelling in shorter sentences is supported by the fact that general housing allowance is paid for a period of 6 months from the beginning of the prison sentence [2]. It is also possible to receive social assistance for the same period.

The prison is responsible for fulfilling the prisoner's basic needs, housing and nutrition and acquires some of the hygiene products. Prisoners have personal expenses arising from contacting persons close to them, acquiring hygiene products and other canteen products, clothing and possible journeys during prison leave. The prisoner pays their personal expenses with a general or activity allowance provided by the prison and other assets, if such exist. They rarely have other assets, as prisoners are often highly indebted. In general, no social assistance is granted for these expenses. All prisoners receive a general allowance of EUR 1.60 per day (EUR 48 per month). If the prisoner participates in activities, they receive an activity allowance that varies between EUR 3.01–7.35 per day of activity. Some people gain access to open prison work outside the open prison, for which they receive taxable wages [3]. Close persons often support prisoners financially. Especially the low allowance (EUR 48 per month) leads to close persons sending the prisoner money, sometimes even at the expense of their own livelihood. They also pay the debts, housing costs and other invoices of the prisoner [5].

Almost 60% of prisoners assumed that they would not have an apartment when released. However, some of them manage to find an apartment because it is estimated that 25% of them will be homeless upon release [7]. Housing is a key factor in preventing recidivism. 27% of released prisoners had a job or study place waiting for them. Most of them become unemployed upon release. After being released, their income will initially be social assistance, which is usually granted for the rent deposit, housing costs and living. Later on, labour market subsidy, housing allowance and social assistance play a key role.

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9.9. Homelessness has begun to rise

Katri Paakkanen, Elina Pohjosaho and Erja Morottaja, No Fixed Abode NGO

At the end of 2024, there were 3,806 homeless people in Finland. Finland has been a model country for reducing homelessness, but after 12 years of positive development, homelessness began to rise significantly last year. The increase in street homelessness has been especially sharp: 649 people spent the night outside, in stairwells and in emergency shelters, which is 230 more than the year before. (Centre for State-Subsidised Housing Construction 2024.)

Increased costs of living and cuts in social security have increased the risk of becoming homeless. Today, low-income earners may also be at risk of losing their housing. The lower level of housing allowance and limiting its availability as well as the lack of affordable rental housing increases the risk of losing housing, especially in the largest cities. In the future, this structural problem will be aggravated as the Government has decided to cut housing construction subsidies and loan guarantees by EUR 365 million. This means that fewer new low-cost rental dwellings will be built, and the old ones will not be renovated as often.

Housing is usually the single largest monthly cost for households; many find it difficult to pay rent, and an increasing number of people have to choose an apartment that is too expensive for their income level. Poverty among families with children has increased, and eliminating the child supplement of unemployment benefits has made life more difficult especially for single parents. Students, unemployed people living alone and those in atypical employment relationships are also vulnerable.

The increased number of evictions is a worrying signal about the impact of structural factors on individuals' coping: between 2015 and 2021, 6,000–6,800 eviction cases were carried out by enforcement per year. In 2024, the number of these cases was already 8,383, which is 35% more than in 2021 (Mahous, Seppä and Luotonen 2025). Even though eviction does not automatically mean that someone becomes homeless, their rising number has significantly increased the number of housing counselling contacts, for instance (City of Helsinki 2025). Housing counsellors are contacted due to rental debts, evictions or the threat of homelessness and in other situations related to disruptions in housing.

Homelessness causes social costs, not savings

Homelessness is often a result of poverty and low income: the risk of losing housing is increased by indebtedness, financial difficulties, unemployment, divorce and illness. Mental health issues and substance abuse problems may also negatively affect life management and cause other housing challenges in addition to financial coping, as well as make homelessness a long-term reality.

The number of emergency shelter visitors has increased, and there have recently been signs that new client groups, such as pensioners and students, are seeking these last-resort services. Emergency and temporary accommodation are primarily designed for the needs of the long-term homeless, and the current service system is unable to react to the changing operating environment fast enough. The service needs of those experiencing homelessness vary from short-term crises to long-term problems. As social security and housing allowance cuts increase homelessness, the cost burden on society also increases, as temporary accommodation, emergency services and building new service systems are more expensive than permanent housing solutions.

Eliminating homelessness requires a long-term and humane housing and social policy and preventive measures. Adapting to scarce resources is not enough. Instead, we need to find the courage to invest in securing housing. Practical solutions include improving housing counselling, adding flexibility to the maximum rent limits, and increasing Kela's discretion in unambiguous situations involving the threat of homelessness.

The last-resort services for homeless people should be converted into low-threshold emergency housing services that help people find permanent housing solutions suitable for their life situation and, if necessary, provide sufficient support with challenges related to housing and life management.

Municipalities would need to invest in producing housing for special groups; the Ministry of the Environment would be responsible for support and steering. Municipalities and wellbeing services counties must genuinely enhance cooperation with organisations, as this would reduce the need for crisis services and promote inclusion and the safety of society as a whole. Even with insufficient resources, the competence accumulated by organisations over the decades and low-threshold encounters complement public services in ways that authorities alone cannot. Organisations also have everyday experiences and practical solution models to support decision-making. They save society costs, but above all, they give people hope and the opportunity to get back on their feet.

10. Summary of the situation in Finland

Leena Eräsaari, Hyvinvointivaltion vaalijat, Professor Emerita

In 2022, the centre-left government created an action plan to reduce poverty by 2030. The programme is ambitious and based on the recommendations of the European Pillar of Social Rights. According to the Commission's basic proposal, Finland's national target level was estimated, and it was determined that the number of people at risk of poverty or social exclusion should be reduced by 83,000 by 2030. Achieving this target would mean a reduction of 1.5 percentage points (the Finnish baseline was 15.4%) in the overall level of poverty.

Finland set a goal of reducing the number of people at risk of poverty or social exclusion by 100,000 by 2030. Of these 100,000, at least one third, or in practice slightly over 33,000, should be children. The baseline for the target is year 2019, when, according to Eurostat, there were approximately 838,000 people at risk of poverty or social exclusion in Finland. Achieving this target would require decreasing the number of people at risk of poverty or social exclusion in Finland to 738,000 by 2030.

The current Government does not share the previous Government's target to reduce poverty; it mainly aims to save at their expense. Instead of reducing the number of the poor according to plan, social security cuts will increase the number of poor people. The cuts in 2024–2025 mainly affect primary social security benefits, such as unemployment benefits and general housing allowance. The cuts often target the same groups of people who are already vulnerable. The prevalence of unemployment and especially long-term unemployment has increased. The number of people with severe material and social deprivation increased the most, by 50,000. The number of people with low work intensity also increased by 26,000 and the number of low-income earners by 25,000. The share of those experiencing difficulties with livelihood increased for the third consecutive year.

The service system has not been able to keep up with this development. Being disadvantaged and, for example, the need for food aid have increased at the same time as significant cuts have affected third-sector actors. These cuts have mainly targeted complementary social welfare and health care services, which are used by those at risk of social exclusion, low-income earners and poor people. The amount of housing allowance has also been reduced, and people are encouraged to move to cheaper apartments. However, the problem is the lack of affordable housing that would be sufficiently covered by housing allowance.

Social assistance is a last-resort, discretionary form of financial support when there are no other sources of income. In 2025, an increasing number of people have been eligible for social assistance every month. The Government has planned to reduce social assistance and to tighten its terms next year. The European Committee of Social Rights has repeatedly found the amount of social assistance too low. Social assistance and other benefits that are already low will now be further reduced, and access to them will be made more difficult. Index increases to low benefits are cancelled at the same time as inflation and the 25% VAT increase the costs of living. It is becoming increasingly more difficult for poor people to live.

11. Recommendations

1. Poverty among families with children must be halted **2.** Unemployed people need incentives, not penalties **3.** The integration of immigrants cannot be improved by targetting cuts at foreign-language speakers **4.** Women, especially retired women, need to be protected against poverty **5.** The inclusion of citizens should be promoted, not undermined **6.** The basic social security system must be supported, not repressed **7.** Food security cannot be the last-resort solution **8.** The funding and status of organisations in Finland must be secured **9.** Digitalisation must not exclude a part of the population **10.** Wellbeing services counties need a peaceful working environment, not more obligations **11.** Employment management transferred to municipalities requires not only services but also investments in the region