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## Finland – 7<sup>th</sup> monitoring round of UNCESCR

### Observations by the NHRI for the follow-up proceedings

This document contains observations by the Finnish Human Rights Centre (HRC<sup>1</sup>, NHRI) on the follow-up of the concluding observations of 2021 (E/C.12/FIN/CO/7) with regard to the Finland's 7<sup>th</sup> monitoring round and the follow-up report submitted by the Government in March 2023.

Should you have any further questions or need for additional information, do not hesitate to contact us at [leena.leikas@humanrightscentre.fi](mailto:leena.leikas@humanrightscentre.fi).

### General observations

1. Since the submission of the follow-up report in March 2023, Finland has had elections in April 2023 and a change of Government.
2. The new Government is, as its priority, concentrating on balancing the state budget and paying increased attention to improving the conditions of businesses and employment. This means, unfortunately, that many services and benefits are being affected and in effect the full implementation of economic, social and cultural rights is likely to be jeopardised, for the most vulnerable individuals as well as various service providers who work with those individuals.
3. The new Government program 2023-2027 and its annex tables can be visited [here](#).

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<sup>1</sup> The Human Rights Centre represents the Finnish National Human Rights Institution (NHRI) in international NHRI cooperation and other international and European cooperation in human rights.

The NHRI comprises the Human Rights Centre, its pluralistic 39-member Human Rights Delegation, and the Office of the Parliamentary Ombudsman. The institution complies with the UN Paris Principles and the Global Alliance of NHRIs (GANHRI) accredited it with A-status in 2014 and 2019.

### Paragraph 7 of the concluding observations - Business and human rights

4. Finland's national action plan on the UN's Guiding Principles (UNGP) on Businesses and Human Rights is from 2014<sup>2</sup>, and the measures it contains were mainly aimed at the years 2014-2016. The Government should assess the implementation of the plan, based on which a new implementation plan could possibly be made. In this process, the Government should also consider the progress of the European Commission's proposal for a Directive on corporate sustainability due diligence and its impacts.<sup>3</sup>
5. In Finland, some companies have voluntarily developed their own work on corporate responsibility to a great extent, but in a broader view there is still a great deal of variation in the realisation of responsibility.
6. For example, the results of the State of Finnish Companies' Human Rights Performance (SIHTI) project (2021)<sup>4</sup> showed that although Finnish companies are quite widely committed to respecting human rights, at least on a general level, on a practical level, the systematic integration of human rights responsibility and its monitoring into a part of the companies' core operations is largely still at an early stage. Finnish companies also publish relatively little information related to the realization of their human rights responsibility. **The government should regularly and systematically conduct independent research on corporate responsibility in the operations of Finnish companies.**
7. A possible national corporate responsibility law was included in the former government program 2019–2023<sup>5</sup>. However, the political parties disagreed on the need for such legislation. Some of the parties appealed to the ongoing EU regulation and therefore saw the development of a separate national regulation unnecessary. Because of this, the national regulation of corporate responsibility was suspended in 2022.
8. It is positive that corporate responsibility regulation has progressed in the EU, and Finland has actively supported the process. In the EU regulation process, it is important that
  - the Finnish Government will support the ambitious EU directive that is in line with the UNGP.
  - the Finnish government will be especially ambitious in the national implementation of the directive.

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<sup>2</sup> Suomen kansallinen toimeenpanosuunnitelma (2014).

<https://tem.fi/documents/1410877/2132280/yritykset-ja-ihmisoikeudet-toimeenpanosuunnitelma/25887fdf-aacf-42fa-a3c4-6e0454963d69/yritykset-ja-ihmisoikeudet-toimeenpanosuunnitelma.pdf/yritykset-ja-ihmisoikeudet-toimeenpanosuunnitelma.pdf?t=1471428872000>

<sup>3</sup> Proposal for a directive of the European parliament and of the Council on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52022PC0071>

<sup>4</sup> Status of Human Rights Performance of Finnish Companies (SIHTI) Project: Report on the status of human rights performance in Finnish companies (2021). <https://julkaisut.valtioneuvosto.fi/handle/10024/162936>

<sup>5</sup> The Government Programme 2019-2023. <https://julkaisut.valtioneuvosto.fi/handle/10024/161935>

- Particular attention must be paid to building the role of the national supervisory authority as strong as possible while taking into account existing national fundamental and human rights structures.
9. The new Government program 2023-2027 states only that “Corporate responsibility regulation is being developed at EU and OECD level”.<sup>6</sup>
- 10. Human Rights Centre notes that the government should continue its active role in corporate responsibility issues at the EU and OECD level, as stated in the Government Programme, but also at the UN level.**

**Paragraph 28 of the concluding observations - Right to social security  
Evaluation report on the adequacy of basic social security 2019–2023**

11. According to the Act on the National Pension Index, the adequacy of basic social security must be assessed every four years.

The Finnish Institute for Health and Welfare was commissioned by the Ministry of Social Affairs and Health to convene an assessment group in May 2022 to carry out the fourth assessment of the adequacy of the Finnish basic social security. The assessment was published in February 2023.<sup>7</sup>

12. Basic social security refers to the minimum level benefits that a person receives when unemployed, ill, or disabled, during old age and parental leave as well as in connection with the loss of a guardian. Minimum social security level refers to the minimum subsistence level in a situation where a person is unable to earn the income required for a decent life. Social assistance is the prime instrument used to guarantee minimum income in such situations.
13. According to the report, the adequate level of social security is to a large extent a political value judgement. Adequacy can be assessed from different perspectives and based on different methods. As a rough indicator, in the evaluation report reference budgets describing the consumption level required for a decent life were used.
- 14. The report concludes that during the period of review, the basic social security of the unemployed, ill, and persons on a parental leave was inadequate to cover the consumption of reference budgets, but the pensioners’ basic social security was high enough to cover them. The social security of students is only enough to cover the reference budget expenses when supplemented with student loans.**
15. The focus in the assessment was on the average situation of households receiving basic social security benefits, taking into account some variation arising from family type, residential area and life situation.

<sup>6</sup> Government programme 2023-2027, <https://valtioneuvosto.fi/en/governments/government-programme/> (29.6.2023).

<sup>7</sup> Fourth evaluation group on the adequacy of basic social security. Perusturvan riittävyys arviointiraportti 2019–2023 (Evaluation report on the adequacy of basic social security 2019–2023), Finnish institute for health and welfare (THL), Report 3/2023 (Helsinki, Finland 2023), [https://www.julkari.fi/bitstream/handle/10024/146182/URN\\_ISBN\\_978-952-408-037-8.pdf?sequence=1&isAllowed=y](https://www.julkari.fi/bitstream/handle/10024/146182/URN_ISBN_978-952-408-037-8.pdf?sequence=1&isAllowed=y) (29.6.2023).

16. The assumption was that the recipients live in apartments with reasonable rental levels. This as such is misleading as according to the statistics, only close to 30 percent of households rent their appartements.<sup>8</sup> Many homeowners, with raising inflation and interest rates, are severely affected by the soaring mortgage payments. This is not reflected in the assessment.
17. Also, the analysis does not comprehensively describe the economic distress caused by the rising energy and other prices in different types of housing.
18. The housing costs also vary significantly. A study conducted by the municipality of Helsinki shows that housing is affordable only for 22 percent of Helsinki's housing units, when housing is considered affordable if it consumes no more than 40 percent of the household's disposable income.<sup>9</sup>
19. The fast rise of costs has in late 2022 and early 2023 also affected rental levels and forced many families and individuals to move to a smaller and cheaper apartment as the inflation affects, for example, food prices and the housing benefit levels do not meet the actual rental levels any longer. Alternatively, they are forced to save on food or medication, which is often the case especially with older persons and families with small children.<sup>10</sup>

### **Concerns regarding social security**

20. It is important to note that according to the evaluation report a higher level of basic security does not mean higher overall income. When basic social security benefits are increased, social assistance is reduced by the same amount.<sup>11</sup> The benefits therefore have an interconnected effect on each other.
21. Human Rights Centre notes that since the Government has yet to provide sufficient data on the Finnish social security system to international bodies, it is not possible to verify whether the system is, in fact, adequate.
22. As noted repeatedly by the civil society and the Human Rights Centre, there are increasing concerns on the level of social security. Also, a high number of persons entitled to the benefits do not get them due to lack of information and the complicated system.<sup>12</sup>

<sup>8</sup> Statistic Finland, "Over 1.5 million persons live in rented dwellings" (2022), <https://stat.fi/en/publication/cktcn27io352g0b62f6u4sky0> (29.6.2023).

<sup>9</sup> Reetta Marttinen, Kohtuuhintaisen asumisen mittaristo (Framework for Affordable Housing), Helsingin kaupungin tutkimuskatsauksia 2023:4, [https://www.hel.fi/static/kanslia/Kaupunkitieto/23\\_06\\_29\\_Tutkimuskatsauksia\\_4.pdf](https://www.hel.fi/static/kanslia/Kaupunkitieto/23_06_29_Tutkimuskatsauksia_4.pdf), (30.6.2023).

<sup>10</sup> Eveliina Pitkänen, Asumiskustannusten nousun vaikutukset suomalaisiin kotitalouksiin (How the rise of housing costs affects Finnish households?), Bachelor's thesis for the LAB University of Applied Sciences, 2023, [https://www.theseus.fi/bitstream/handle/10024/791468/Pitkanen\\_Eveliina.pdf?sequence=2&isAllowed=y](https://www.theseus.fi/bitstream/handle/10024/791468/Pitkanen_Eveliina.pdf?sequence=2&isAllowed=y) (30.6.2023).

<sup>11</sup> Fourth evaluation group on the adequacy of basic social security. Perusturvan riittävyyden arviointiraportti 2019–2023 (Evaluation report on the adequacy of basic social security 2019–2023), Finnish institute for health and welfare (THL), Report 3/2023 (Helsinki, Finland 2023), [https://www.julkari.fi/bitstream/handle/10024/146182/URN\\_ISBN\\_978-952-408-037-8.pdf?sequence=1&isAllowed=y](https://www.julkari.fi/bitstream/handle/10024/146182/URN_ISBN_978-952-408-037-8.pdf?sequence=1&isAllowed=y) (29.6.2023), page 5.

<sup>12</sup> Sosiaaliturvakomitea (Social Security Committee), Tutkimuskatsaus Suomen sosiaaliturvan monimutkaisuuteen (Research Overview on the Complexity of the Finnish Social Security System), Sosiaaliturvakomitean julkaisuja 2021:1, 22.6.2021, [https://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/163274/Sosiaaliturvakomitea\\_2021\\_1.pdf?s](https://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/163274/Sosiaaliturvakomitea_2021_1.pdf?s)

23. With increased cost for a patient in the public health care many older persons with regular health issues cannot afford their treatment. Many will not be able to receive around the clock service they need, for the lack of funds. High healthcare costs, including customer fees for services and medication expenses, can lead people to postpone their treatment or even prevent them from accessing services. High healthcare costs can also cause financial distress for those who are already struggling with everyday expenses. In nearly half a million cases social and healthcare customer fees resulted in enforcement in 2022.<sup>13</sup> The amount of enforcement cases is extremely high when compared to Finland's population of 5,5 million inhabitants.
24. Individuals with lower incomes have a higher unmet need for healthcare services compared to those with higher incomes. According to a survey conducted in 2019, 31.7 percent of respondents in the lowest income quintile in Finland reported unmet healthcare service needs due to financial reasons. The corresponding figure in the highest income quintile was 11.9 percent. The EU average for the lowest income quintile was 21.9 percent, and for the highest income quintile, it was 6.5 percent.
25. High healthcare costs can lead to financial distress. People may need to rely on social assistance to pay for their healthcare expenses. According to a report by the Finnish Anti-Poverty Network EAPN-Fin, the inability to pay customer fees and medication costs can lead to indebtedness, enforcement procedures, the use of payday loans, and the loss of creditworthiness. Losing creditworthiness can have far-reaching and negative consequences, such as preventing individuals from renting a home or obtaining insurance.<sup>14</sup>
26. In addition to marginalised persons more persons with regular income have to resort to food banks on a regular basis due to increasing living costs.<sup>15</sup>
27. According to the Ombudsman for children about 11 percent of children live in relative poverty. A unique feature of families with children living in poverty is poverty despite the guardians being employed. This type of poverty is countervailed with social benefits.<sup>16</sup> The new Government programme 2023-2027 sets to cut many benefits, for example the housing benefit<sup>17</sup>, that increase financial stability for families with children living in poverty. Child

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<sup>13</sup> Amnesty International, "'Tiedän etten saa apua." Terveysthuollon eriarvoisuus Suomessa' (' "I know I won't receive assistance." Healthcare disparities in Finland. '), 28.6.2023, [https://www.amnesty.fi/uploads/2023/06/terveydenhuollon-eriarvoisuus-suomessa\\_amnesty-international-suomen-osasto\\_06\\_2023.pdf](https://www.amnesty.fi/uploads/2023/06/terveydenhuollon-eriarvoisuus-suomessa_amnesty-international-suomen-osasto_06_2023.pdf).

<sup>14</sup> Ibid.

<sup>15</sup> Ruoka-apu.fi and Finnish Red Cross, Ruoka-avun tilannekatsaus kevät 2023 (Information briefing on food aid spring 2023), <https://ruoka-apu.fi/wp-content/uploads/2023/05/Ruoka-avun-tilannekatsaus-2023.pdf>.

<sup>16</sup> Ombudsman for Children, 'Lapsiasiavalttuutetun kirjelmä hallitusohjelman vaikutuksista lapsiköyhyyteen' (Ombudsman for Children's letter on the effects of the Government programme on child poverty), 26.6.2023, [https://lapsiasia.fi/-/kirjelma-valtioneuvoston-jasenille-hallitusohjelmasta2023#\\_ftn1](https://lapsiasia.fi/-/kirjelma-valtioneuvoston-jasenille-hallitusohjelmasta2023#_ftn1).

<sup>17</sup> Government programme 2023-2027 section 4.3, <https://valtioneuvosto.fi/en/governments/government-programme#/4/3>.

poverty will continue to be a growing problem if social benefits, that are already insufficient, are cut.

28. The Parliamentary Ombudsman has addressed in several decisions the question of the social assistance process and the shortcomings of the Social Insurance Institution of Finland (Kela) in handling cases. Kela has, for example, violated the principle of protection of legitimate expectations, rejected applications based on fictional income contrary to the law, and in one case, disregarded significant individual circumstances in the processing, such as the fact that it involved a vulnerable family, a single mother living on employment market support, and a minor child.<sup>18</sup>
29. The new Government programme 2023-2027<sup>19</sup> sets out to cut many benefits, including housing benefits and unemployment benefits. This will have a negative effect on a very wide spectrum of citizens, from families with children to students, unemployed, older persons and persons with disabilities. Especially with increasing cost of living due to the COVID-19 epidemic and the war in Ukraine, more and more persons will fall to social assistance, which should be the last resort and will not be sufficient to cover the basic needs.
30. The Government is already in its program set to, for example,
- eliminate increments based on the number of children from labor market support, basic unemployment allowance, sickness allowance, rehabilitation allowance and parental allowances,
  - cut considerably from the housing allowances,
  - decrease the number of recipients of social assistance.<sup>20</sup>
31. The level of concern has not diminished from the time in question (2015-2019). The current Government term is only starting and the threats are already visible.
- 32. The new Government should carefully examine the human rights implications of the planned austerity measures, taking into consideration the recommendations of this Committee and other UN processes as well as decision on social benefits and their insufficient levels, as noted by the European Committee of Social Rights under the Revised European Social Charter in several collective complaint decisions, lates in July 2023.**

The HRC thanks the committee for the opportunity to participate in the follow-up proceedings.

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<sup>18</sup> Parliamentary Ombudsman, AOAS 19.1.2023 Dnro 289/2022, AOA 16.6.2023 Dnro 1192/2022 and AOA 27.11.2022 Dnro 1198/2021.

<sup>19</sup> Government programme 2023-2027, <https://valtioneuvosto.fi/en/governments/government-programme/> (29.6.2023).

<sup>20</sup> Ibid.