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FINLAND

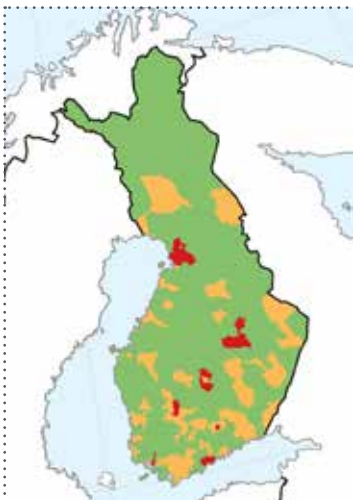
INSIGHT PAPER

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RURALITY (1)

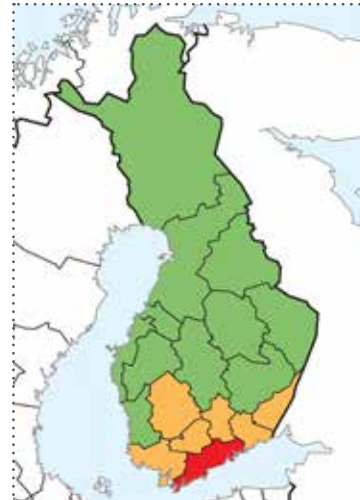
Degree of urbanisation for local administrative units level 2 (LAU2)



- Cities
- Towns and suburbs
- Rural Areas
- Data not available

Source: Eurostat, JRC and European Commission Directorate-General for Regional Policy, May 2016

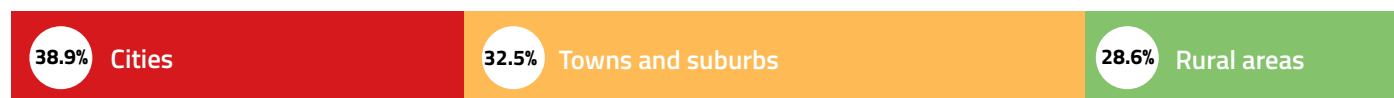
Urban-rural typology for NUTS level 3 regions



- **Predominantly urban regions**
(rural population is less than 20% of the total population)
- **Intermediate regions**
(rural population is between 20% and 50% of the total population)
- **Predominantly rural regions**
(rural population is 50% or more of the total population)
- **Data not available**

Source: Eurostat, JRC, EFGS, REGIO-GIS, December 2016

DISTRIBUTION OF POPULATION



Source: Eurostat, 2016

GEOGRAPHY

Finland is a Nordic country of mostly flat land, with more than 70% covered by thick forest. Southern areas are characterised by numerous clear water lakes. The land area is 303,815 km². The current population is approx. 5.5 million and the average population density is 18.10/km².

Most of the population is concentrated in a small number of cities along the southwestern coastal plain, with other areas being sparsely populated with long distances to municipality centres, especially in areas such as Lapland, which has a population density of 2 inhabitants per km². In 2020, approximately 15% of the population live in rural areas, and about 85% live in towns and cities¹.

Approximately 38.9% of the population live in urban areas, 32.5% live in towns and suburbs, and 28.6% live in rural areas.

Finland has one of the most rapidly ageing populations in the world; in 2002, 15.8% of Finns were aged 65 or over, compared to 2012 by which time this had risen to 18.8%, which was one of the fastest increases in Europe. While people over 85 represented just 1.5 per cent of the population in 2000, today they are 2.7 per cent, and by 2070 are expected to be close to 9 per cent. In 2020, 22.6% of the population were 65 years old and older, and 26.9% were 24 years old and under.

The population of sparsely populated rural areas, rural heartlands, and local centres in rural areas is both decreasing and ageing, while rural areas closer to urban areas are experiencing population growth (ENRD, 2018). This means that the familiar challenges for advanced economies with ageing populations are even more acute in rural Finland. Younger people are leaving rural villages to find work in the cities, leaving an older population behind.

Some of the key challenges for the rural areas in Finland include:

- A declining rural economy, due to on-going rural to urban migration and ageing populations in rural areas;
- A loss of services in rural areas. In recent decades, there has been a strong decline in the service infrastructure in rural areas. The number of village shops dropped by 20% between 2012 and 2015, around 60 village schools close annually and the number of post offices in rural areas has decreased steadily since the 1990s (Rural Survey, 2017, cited in ENRD, 2018);
- Access to healthcare – the nearest GP or hospital in rural areas is on average over 60km away.



Source: <https://finlandnaturally.com/experiences/the-magical-landscape-of-koli-is-the-most-finnish-view-ever/>

RURALITY (2)

16.6%

Share of people at risk of poverty or social exclusion in rural areas (Eurostat, 2017)

4 %

Share of people aged 16 and over who reported unmet needs for health care in the previous 12 months due to expense, distance to travel or length of waiting list in rural areas (Eurostat, 2017)

6.7 %

Unemployment rate, persons aged 15–64, in rural areas (Eurostat, 2017)

13.7 %

Share of young people aged 18–24 neither in employment nor in education or training (NEETs) in rural areas (Eurostat, 2017)

Source: Eurostat

NATIONAL POLICIES RELATING TO RURAL MOBILITY AND PUBLIC TRANSPORT

In Finland, there is currently significant change occurring with respect to the policy context for transport. In June 2019, Finland started work on a new national plan that will provide the basis for the country's entire transport network and services. This will include health, social services and regional government reform. Previous plans have been regional, and consisted of individual projects, but the Finnish transport system will now be developed nationally over the following 12 years. It has been stated that it is important to ensure that each region is reasonably accessible with at least one mode of transport. Some of the new policy reforms are shown below in Table 1.

The planned regional government reform might open the way for integrating regional public transport with other services. This is often applied in rural areas in other countries to improve business models.

Prior to this new transport policy taking effect, it is currently the task of regional Centres for Economic Development, Transport and the Environment (ELY Centres) to apply the national policies in the regional transport system.

Prior to the reforms, rural policy was linked to regional policy and to national regional development targets, with separate policies targeting rural areas and cities. Rural areas tend to be developed at different levels, in cooperation with public, private and the third-sector.

At the national level, the main actor preparing and implementing rural policy is the Rural Policy Committee

(YTR), which is the horizontal cooperation body appointed by the Government, and whose membership includes representatives of different ministries, regional government, R&D organisations, and organisations and associations.

The Rural Policy Programme (2014-2020) is the operational programme of YTR, setting out the objectives and measures for rural development. The programme has 5 main themes. One of these is Infrastructure and Land Use, which ensures that roads, railways and airports serve the needs of users, that transport connections function well in different parts of Finland, and that alternative means of transport are provided in rural areas to compensate and support public transport. Information pertaining to specific measures regarding mobility or targets is not readily available.

Rural development in Finland is based on two parallel programmes^{2 3}: the *Rural Development Programme for Mainland Finland (2014 – 2020)* and the *Rural Development Programme for the Åland Islands*. The mainland programme is coordinated by the rural development unit of the Ministry of Agriculture and Forestry, and that for Åland is administered by the Åland autonomous regional government. These wide-ranging programmes provide a variety of tools that can be used by all kinds of stakeholders to promote rural development. This programme places a focus on enhancing the liveability and vitality of rural areas, predominantly from an industry and agriculture standpoint.

Table 1. Reforms affecting the organisation of transport services (source: Eckhardt et al., 2018).

LAW/REFORM	SCHEDULE	KEY CHANGES RELATED TO TRANSPORT SERVICES
Health and social services reform	From 1.1.2021	Regions, instead of municipalities, will be responsible for organising public health and social services. Online and mobile services will be available for rural areas.
Regional government reform	From 1.1.2021	Regions will be responsible for several public services including regional public transport services currently organised by ELY Centres. Also more digital services will be available.
Transport Code	Gradually in three stages starting from 1.1.2018	The Act on Transport Services (2018) includes an obligation to provide essential information and access to sales interfaces of ticket and payment systems. The Act facilitates entry of the taxi sector and increases the freedom of taxi operators to develop their services. All transport modes (road, shipping, rail transport and aviation) will be included to enable multimodal travel chains.



INSTITUTIONAL FRAMEWORK

Prior to the current transport policy reform in Finland, the transport system was planned collaboratively by the state and regional operators. The Finnish Transport Infrastructure Agency's role in the transport system planning is to collaborate with regional councils, municipalities and city regions, and its crucial task is to ensure effective dialogue between the regions and the state. Direct interaction and collaboration with customers and interest groups is of particular importance.

The Ministry of Transport and Communications is responsible for the provision of safe and secure transport, and communications connections and services. The

Ministry is responsible for both rural and urban areas. This Ministry will be responsible for the preparations of the new national transport system plan. The planning will be directed by a parliamentary working group including representatives of all parliamentary groups. The working group will direct the plan preparations and discuss its contents. A cooperation group led by the Ministry of Transport & Communications will also be established with representatives from key ministries, agencies, regional councils, urban regions and municipalities. Once completed, Finland's first 12-year transport system plan will be adopted by the Government.

ORGANISATIONAL FRAMEWORK

Bus/coach services cover nearly 90% of Finland⁴, and are primarily provided by small, private enterprises (there are more than 400 providers) who typically own as few as 5 buses. Only Helsinki, Turku and Tampere have municipal transport systems.

There are 2 types of intercity bus services:

- vakio (vuorot): stopping frequently at towns and villages
- pika (vuorot): travelling swiftly between cities

There is also a large network of ExpressBus services with connections to all major cities and the most important rural areas as well as a burgeoning OnniBus 'cheap bus' network. Coach stations are operated by Matkahuolto, and all timetables can also be found here⁵. However, during the summer and outside of peak holidays, when there is no school, the frequency of buses is dramatically reduced.

The rail network in rural Finland comprises 5,865 km with many smaller railway stations now either closed or poorly served. Trains can be used to travel between larger towns, but tend to be less effective to travel between towns in the north of the country, as most lines connect areas to Helsinki. However, from Helsinki, it is possible to reach nearly every part of Finland and other countries via train. The north end of the train tracks ends in Kolari, the gateway to Lapland. Rail operations are mainly privatised and currently there is only one state-owned operator, VR.

In addition to bus/coach services where available, some regions also provide taxi services.

In some regions across Finland, there are also demand-responsive transport options starting to appear.

For example:

- ViaVan, a first/last mile demand-responsive transport (DRT) service, has recently (September 2019) launched a service in a Helsinki suburb in partnership with the Helsinki Regional Transport Authority (HSL), enabling residents to book on-demand rides and connect to train and Metro stations in the operating zone⁶.
- Vippari bus, a service running Monday to Friday in the town of Jakobstad, on the West coast of Finland. This service has an accessible lowered floor, and can be booked to collect passengers from their own address, and can be booked up to an hour before the desired time⁷.

Such "last mile" connection services would also provide value in more rural areas in accessing public transport, should the business model prevail.

The Finnish sharing economy is buoyant and contributions to rural mobility include organised hitchhiking services. Completely market-based solutions are not feasible for rural areas and the small market in rural areas creates a shortage of services and competition, resulting in limited choices for users.



REGULATORY FRAMEWORK

As mentioned previously in the policy section, a new national transport policy is currently being set out. Once completed, Finland's first 12-year transport system plan will be adopted and regulated by the Government. This new transport policy will contain new legislation covering the Transport Code (a key tenet of the Act of Transport Services 2018 designed to encourage new digitally-led business models as a precursor to MaaS-type services) and public procurement. While the principal aim of the Transport Code is to promote new mobility services and business models to enable the creation of multimodal travel chains, it is not known yet what effect this may have on the availability and prices of taxis in rural areas.

The Act on Transport Services came into force in July 2018 and replaced the Public Transport Act. The operational pre-conditions of bus transport are regulated in the Act on Transport Services and in the EU Regulation on public passenger transport services (1370/2007). The provision of professional passenger transport services in return for payment is subject to a

passenger transport licence. The Minister of Transport and Communications issues licences for inter-provincial express services, and local service licences are issued either by the provincial administrative board or the relevant city, and these licenses are valid for ten years. The competent authorities are responsible for organising public transport in their service area (these comprise nine Centres for Economic Development, Transport and the Environment (ELY Centres)) and 26 municipal authorities. The competent authorities define the service level of public transport in their own area and decide how the transport services should be organised. The transport services can be market-based or put out to tender as laid down in the EU Regulation on public passenger transport services. Purchased services in rural areas are subject to competition via the net contract principle.

It is unclear whether this new Transport Code acts as an open door or a barrier to the creation of private or commercial rural mobility services.



FINANCIAL FRAMEWORK

Transport services in Finland can be either market-based or put out to tender as laid down in the EU Regulation on public passenger transport services.

Where transport services are put out to tender in accordance with the legislation on procurement and public transport, if a sufficient level of service is not reached by market-based services, public grants are used for the transport services. The competent authorities may decide independently the ticketing and charging system they want to use for public transport in their area and they also determine the ticket prices. In market-based transport, the transport operator may independently determine the ticket prices (Vayla, 2019).

Funding for rural policy primarily comes from the State budget's allowance for rural development, and most of the funding is channelled through the EU's co-funded rural development fund. The Ministry of Agriculture and Forestry of Finland has previously co-funded rural mobility projects.

The main threat to rural mobility services and the market is cuts to public subsidy subvention (Eckhard et al., 2018). For commercial stakeholders this might mean higher prices, fewer service offerings and concentration to the most profitable services and areas.

It is not yet clear how the new national transport plan for Finland will affect funding for rural mobility services.

OTHER INFORMATION

Finland is characterised by high levels of digital connectivity throughout the country, including in rural areas. This is a result of digitisation being held highly on the Finnish government's agenda, as it is considered to be an important contributor to social and economic development. ENRD (2018) reports that in rural municipalities, 77% of residents have internet connection at home, compared to 80% of city dwellers or 88% of those in Helsinki, the country's capital. It is reported that 81% of rural residents use the internet, two-thirds of them several times a day. Most people under 55 years of age use the internet. Usage is lowest amongst those over 75 (Rural Survey, 2017, cited in ENRD, 2018). For rural areas, digitisation is important because of demographic changes and rural out-migration, especially from the most remote areas; indeed digital services are considered to be fundamental for maintaining a "living countryside" (ENRD, 2018). Eckhard et al (2018) note that this digitalisation is helping the transport sector to find new solutions and bring greater efficiency and transparency to the transport system, helping support new rural transport services that use the internet to host or organise their services.

This approach towards digitalisation has helped to place Finland at the forefront of MaaS with a unique country-level approach from the Finnish national government to the development of MaaS (Smith et al., 2017), with an ambitious Rural MaaS project (Rural MaaS, 2017).

This Rural MaaS project was a good example of cross-sectoral co-operation in rural mobility, and was co-funded by the development fund of the Ministry of Agriculture and Forestry of Finland (2016–2017). Eckhardt et al (2018) note that the project aimed at creating a national vision for MaaS in rural and sparsely populated areas. It focused mainly on recognising emerging and potential business models for both commercial and publicly supported transport services. The project improved awareness of the MaaS concept in rural areas by sharing knowledge, and by providing measures and recommendations for developing mobility regulations and raising awareness related to the technical aspects of MaaS. The outcome is reported in Rural-MaaS (2017).

To aid the development of MaaS, under the Act on Transport Services, mobility service providers are required to share information on their routes and timetables via open interfaces which can be accessed directly by other actors and service developers. The Finnish Transport Agency is no longer legally obliged to maintain an actual collection database of routes, stops and timetables (although it will maintain a catalogue of interfaces) and therefore no longer fulfils the preconditions for maintaining a national journey planner. The transport administration's current goal is to give market-based actors room to develop services aimed at passengers, such as journey planners and MaaS services (see: <https://vayla.fi/web/en/transport-system/public-transport/information-services#.XM1rp0xFxPY>).



KEY STAKEHOLDERS AND MINISTRIES ADDRESSING RURAL AREAS

TITLE	ROLE
Ministry of Transport and Communications of Finland	Seeks to promote people's wellbeing and the competitiveness of businesses. Their mission is to ensure that people have access to well-functioning, safe and reasonably priced transport and communications networks. Responsibilities may be summarised as the provision of safe and secure transport and communications connections and services, and the implementation of the strategic Government Programme within its sectors. A cross-cutting theme in the Government Programme is digitalisation. The Ministry has four departments: Ministerial Governance Department, Services Department, Data Department, and Networks Department.
Ministry of Agriculture and Forestry of Finland	Natural resources and their sustainable use are in the focus of this ministry.
Centres for Economic Development, Transport and the Environment (ELY Centres)	The Centres for Economic Development, Transport and the Environment are local offices of the Finnish government placed in each of the regions of Finland. Finland has a total of 15 ELY Centres, which are tasked with promoting regional competitiveness, well-being and sustainable development and curbing climate change.
Rural Policy Committee (YTR)	The Rural Policy Committee YTR is the central actor in preparing and implementing rural policy, and is the horizontal cooperation body appointed by the Government.
Finnish Transport Infrastructure Agency	The Finnish Transport Infrastructure Agency, shortened to FTIA, is a Finnish government agency responsible for the maintenance of Finland's road, rail, and waterway systems.

LINKS TO WEBSITES

- <https://www.lvm.fi/en/home>
- <https://mmm.fi/en/frontpage>
- <https://www.ely-keskus.fi/en/web/ely-en/>
- <https://vayla.fi/web/en>



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<https://doi.org/10.1016/j.rtbm.2018.09.005>
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https://enrd.ec.europa.eu/sites/enrd/files/tg_smart-villages_case-study_fi.pdf
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<http://www.vtt.fi/sites/maaseutumaas/> (in Finnish only)
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Available at: https://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/80600/MMM_7_2017_low.pdf?sequence=1
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Available at: https://www.viktorias.se/sites/default/files/pub/viktorias.se/upload/publications/smith_et_al_2017_1.pdf
- Vayla (2019) The role of the Finnish Transport Agency in Finnish public transport.
<https://vayla.fi/web/en/transport-system/public-transport#.XMOgz0xFxPY>

¹ <https://www.worldometers.info/demographics/finland-demographics/>

² <https://mmm.fi/en/rural-areas/rural-development-programme>

³ <https://www.maaseutu.fi/en/the-rural-network/rural-development-program/>

⁴ <https://www.justlanded.com/english/Finland/Finland-Guide/Travel-Leisure/Public-transport>

⁵ https://www.expat-finland.com/travel_finland/bus_train.html

⁶ <https://www.smartcitiesworld.net/news/news/viavan-launches-first--and-last-mile-transit-solution-in-finland-4591>

⁷ <https://www.jakobstad.fi/asuminen-ja-ymparisto/asuminen/liikenne/vippari-joukkoliikenne>