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COUNTRY FICHE

FINLAND [FI]

Finland adopted a distinctive approach to Territorial Delivery Mechanisms for the 2014-2020 period. Notably, only one Sustainable Urban Development strategy was implemented through Integrated Territorial Investment (SUD ITI), but this strategy encompassed six cities across the country. It involved the local governments of Finland's largest cities—Helsinki, Espoo, Vantaa, Turku, Tampere, and Oulu—with the Ministry of Economic Affairs and Employment serving as the Managing Authority. The six-city strategy (6Aika) was financed by the European Regional Development Fund (ERDF) and the European Social Fund (ESF). This was the first Territorial Delivery Mechanism strategy in Europe to involve multiple, geographically distinct cities and was among the EU's most ambitious urban development initiatives. Its primary aim was to enhance competitiveness and improve the productivity of the Finnish public sector by fostering service innovation and boosting employment. EU funding was channelled into thematic objectives related to research and innovation, as well as supporting the transition to a low-carbon economy.

POPULATION	STATE TYPE
5.5 million	Decentralised

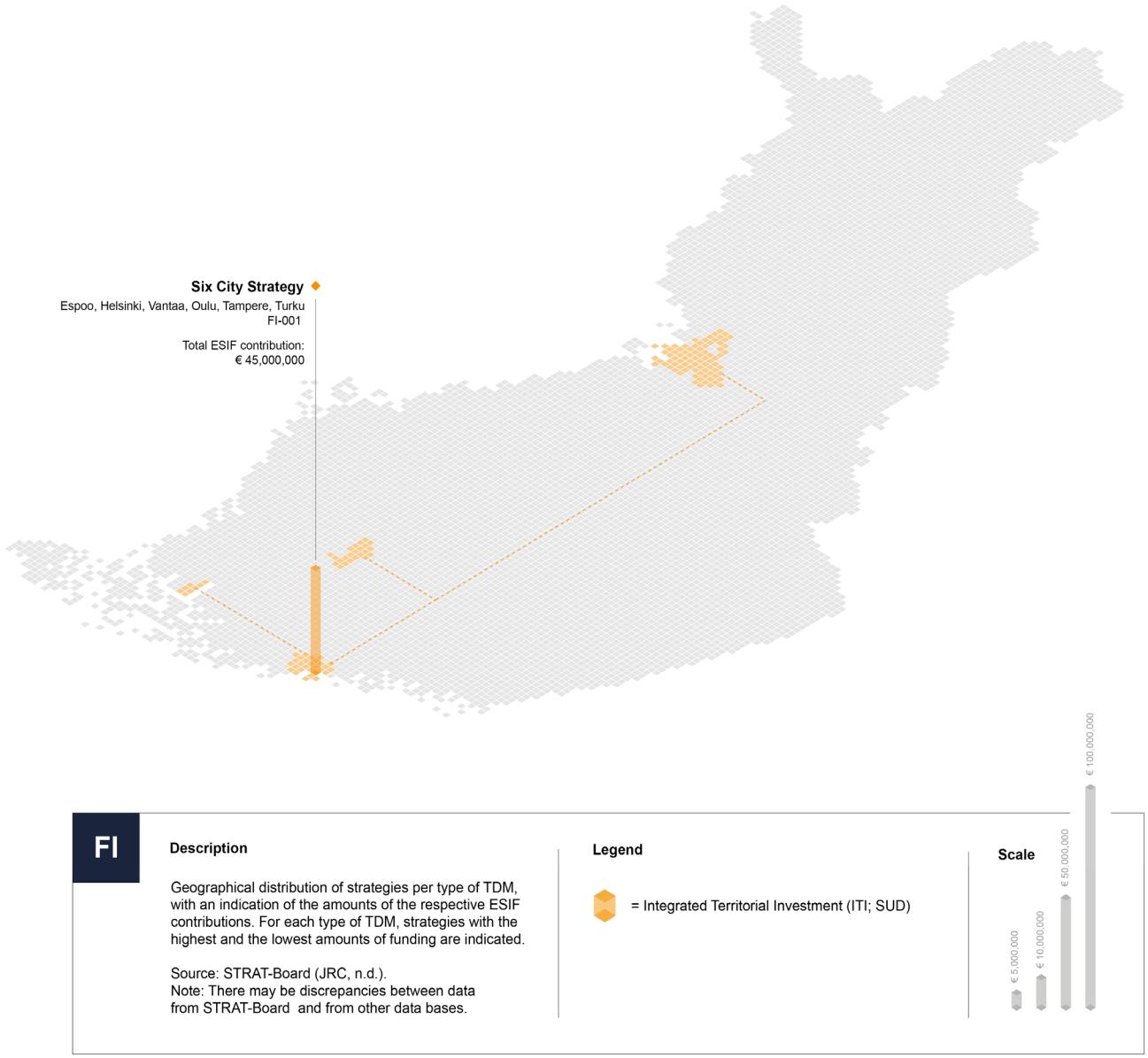
NATIONAL ESIF BUDGET	
EU Contribution (EUR)	€ 4,933,068,771
National Contribution (EUR)	€ 5,893,394,282
Total Contribution (EUR)	€ 10,826,463,053

Note: including all ESIF - ERDF, ESF, EAFRD, YEI, EMFF
Source: Cohesion Open Data Platform (European Commission, n.d.)

Territorial Delivery Mechanism type	No.	ESIF type	Share of ERDF /CF allocation	Share of decided allocations spent (end 2022)
SUD (Art. 7) Operational Programme	0	-	-	-
SUD (Art. 7) Priority Axis	0	-	-	-
Integrated Territorial Investment (ITI; SUD)	1	ERDF, ESF	5%	94%
Integrated Territorial Investment (ITI; non-SUD)	0	-	-	-
Community-led Local Development (CLLD)	0	-	-	-
TOTAL	**1**	**-**	**5%**	**-**

Source: allocations and spending based on Cohesion Open Data Platform (European Commission, n.d.), remaining items on STRAT-Board (JRC, n.d.).
Note: STRAT-Board data is self-reported by strategy holders. There may be inconsistencies between the data reported in STRAT-Board and other databases, such as the Cohesion Open Data Platform.

Figure 1: Geographical distribution of Territorial Delivery Mechanism (TDM) strategies



GOVERNANCE CONTEXT

Finland is an officially bilingual unitary state, organised on a decentralised basis, with three levels of governance: central, regional, and local. The country comprises 19 provinces (maakunta/landskap)—18 on the mainland plus the self-governing Åland Islands—and 310 municipalities (kunta/kommun). The 18 mainland provinces are represented by Regional Councils (maakunnan liitto/landskapsförbund), which are indirectly composed of local authorities and serve as mandatory joint municipal bodies. These councils are mandated by Finnish law and receive funding from member municipalities, as well as from the government and the European Union for regional development. However, the regional level in mainland Finland has limited self-governing powers (CoR, n.d.).

In Finland, cities are viewed as key drivers of national economic growth, while also playing a crucial role in regional development through their interaction with surrounding functional areas. Given Finland's small size, it is essential to align urban and national objectives, which requires close partnerships and the setting of joint goals.

At the national level, the Ministry of Economic Affairs and Employment and the Ministry of the Environment share responsibility for urban development. The regulatory framework during the 2014-20 period was largely shaped by Growth Agreements (2016-2018) between cities, city regions, and the Finnish state. Additionally, the cities of Helsinki, Tampere, Turku, and Oulu had separate agreements focused on land use, housing, and transport.

To coordinate urban policy centrally, the Urban Policy Committee was established in 2007. This committee, comprising representatives from ministries, cities, and the Association of Finnish Local and Regional Authorities, is responsible for drafting national urban policy. Urban development is facilitated through both national and EU-level programmes.

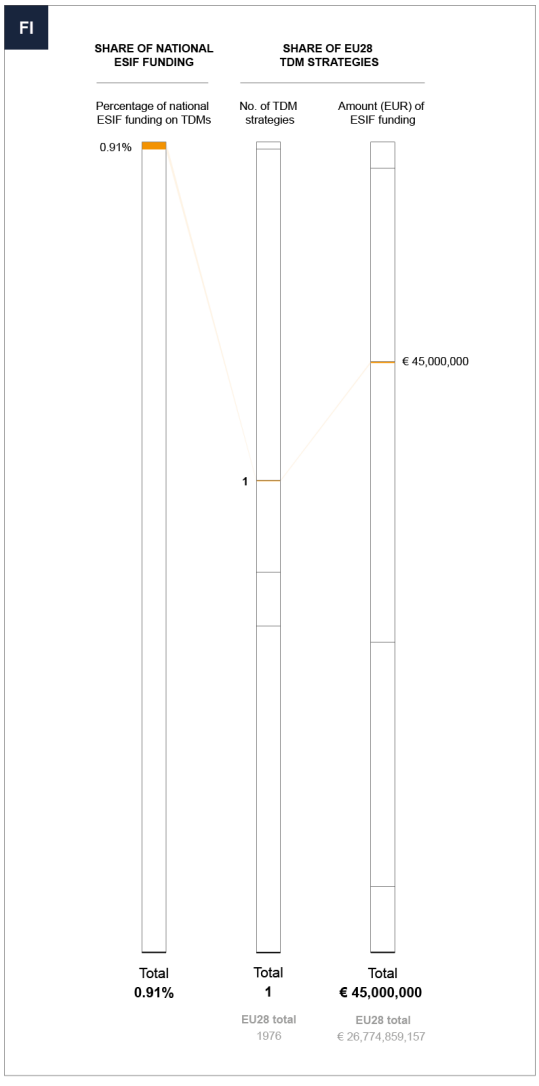
COHESION POLICY CONTEXT

During the 2014-20 programme period, Finland operated a single multi-fund Operational Programme (OP) titled Sustainable Growth and Jobs 2014-2020, which combined ERDF and ESF funding. Although the Ministry of Economic Affairs and Employment, as the Managing Authority, had overall supervisory responsibility for regional policy, the Intermediate Bodies at the regional level—comprising the Regional Councils and the Centres for Economic Development, Transport, and the Environment (ELY Centres)—were tasked with deciding how their respective regional funding frameworks were used and which projects were funded.

In addition, there was earmarked funding for the implementation of national themes. These were managed by the Ministry of Social Affairs and Health (for ESF-funded national projects) and Business Finland (responsible for research, development, and innovation funding), both acting as Intermediate Bodies. Cohesion Policy plays a key role in supporting and supplementing Finland's long-standing urban policy measures. It is crucial not only because it provides a longer-term framework (seven years, compared to the Government's four-year term) but also as an increasingly important source of funding for investment in regional and urban development.

FEATURES OF THE TERRITORIAL DELIVERY MECHANISMS

Figure 2: Types of Territorial Delivery Mechanisms (TDMs) used, amount of strategies and the corresponding shares of ESIF* contributions



Source: STRAT-Board (JRC, n.d.). Notes: On the first vertical bar from the left, the percentage of all ESIF funding for that country allocated to TDM strategies is indicated with colour. The whole bar represents all ESIF funding for that country. On the second bar (middle), the number of each type of TDM strategy implemented in this country is indicated with the corresponding colour, with the whole bar representing all TDM strategies implemented across the EU28 (1976 strategies, as indicated in grey below the bar). On the bar on the right side, the amounts of ESIF funding for the TDM strategies are indicated with the corresponding colour. The bar represents the total allocation of ESIF for TDMs in the EU28. Please note that there may be inconsistencies between the data reported in STRAT-Board and Cohesion Open Data Platform.

Sustainable Urban Development Integrated Territorial Investment

A single, multi-city SUD ITI strategy was implemented in Finland in 2014-2020, combining funding from ERDF and ESF to address the joint challenges of the six largest Finnish cities in the areas of transport, health and local services. The participating cities included Helsinki (population c. 600,000), Espoo (c. 250,000), Vantaa (c. 200,000), Oulu (c. 190,000), Tampere (c. 216,000) and Turku (c. 180,000). The Six City Strategy (6Aika in Finnish) was part of the implementation of Finland's national Sustainable Growth and Jobs 2014-2020 OP. The six cities are key hubs for research, development and innovation activity in Finland and represent 30 percent of the country's total population forming a comparatively large area and a critical mass to compete internationally in this field.

The objective of the Strategy was to strengthen Finland's competitiveness and public sector productivity, develop new service innovations and promote businesses and employment. The six cities served as development and testing environments for products and services. The Strategy was implemented through projects, in which the city organisations developed services together with businesses, research and development organisations and residents.

The three core themes of intervention included: Open Innovation Platforms, Open Data and Interfaces, and Open Participation. This SUD strategy also represented the implementation at city level of the regional smart specialisation strategies (Research and Innovation Strategies for Smart Specialisation – RIS3) supported by Cohesion Policy.

The unique governance structure for the strategy involved the central government, regional authorities and municipalities in the implementation. The Ministry designated Helsinki-Uusimaa Regional Council to carry out the management and implementation of the strategy for ERDF, meanwhile the Centre for Economic Development, Transport and the Environment (ELY Centre) of Häme governed the overall funding of ESF projects. All the six cities were

* In order to reflect the contribution of various funds to TDMs, this graph includes all ESIF funds (ERDF, ESF, CF, EAFRD, EMFF).

designated also as informal Intermediate Bodies. They were involved in the implementation through the steering group, but the juridical responsibility remained at the regional council level being the official Intermediate Body. The steering group was composed of representatives of the cities, the Regional Council of Helsinki-Uusimaa region, Ministry of Economic Affairs and Employment, Ministry of Transport and Communications, Tekes, and the Six City (6Aika) strategy office. In practice, it was the management group which appoints the city representatives to the steering group (2 representatives plus one substitute per city). The steering group prepared items to the management group and implemented their decisions, was responsible for project application and assessment processes, steered the national and international networking, and Monitored the implementation of projects, reporting to the management group.

The management and implementation of the strategy was also supported by the centralised strategy office, the Six City strategy office, a role which has been performed by Forum Virium (the innovation company of the city of Helsinki). The strategy office was ensured that the implementation and the cooperation within Six City progressed in accordance with the decisions and direction of the management group. The strategy office was a separate project (ERDF co-financed), which was implemented by Forum Virium in partnership with the six cities.

A total of 60 projects were delivered as part of the strategy (of which roughly 2/3 was co-financed by ERDF and 1/3 by ESF). The projects included pilot projects and spearhead projects. The pilot projects had participants at least from two of the six cities, and were typically implemented by the city organisations, economic development agencies of the cities, universities and vocational institutions. The themes of the pilot projects ranged from smart mobility, learning, health and well-being to circular economy and energy efficiency. The spearhead projects focused on the core themes of the Six City Strategy and served as the foundation for the smaller pilot projects. The spearhead projects aimed to advance important components of the Finnish smart city model: customer-focused co-creation, open data, utilisation of data and service development in an urban environment setting.

The total public funding for the Strategy was approximately €95 million, of which ERDF funding accounted for c. €80 million and ESF c. €15 million. From the ERDF funds, roughly 80% of the allocation was invested in supporting research, development and innovation (€40.75 million), while remaining funds were used to support the shift towards low-carbon economy (€10 million). The financial implementation as part of the 6Aika strategy performed very well, with 94% of ERDF funding decided being spent already by the end of 2022. This contrasted starkly with mainstream Cohesion Policy where in the same period 73% of funding had been absorbed.

In terms of results, the Six City Strategy has intensified the collaboration between the cities, both at the strategic and the operational level. The Strategy was the only cooperation channel for large cities in the form of a programme in 2014-20. One of the Six City Strategy's main successes was that it was able to turn the cities into development and experimentation platforms. For example, educational institutions and healthcare environments were made available for business piloting purposes. Consequently, the Six City Strategy led to a new type of cooperation between the cities and the companies. Through the Six City projects, the companies were able to test the attractiveness and functionality of their products, services and operating models in urban environments, and gather feedback from users. These pilot projects consequently enabled businesses to improve their products and services in terms of their functionality and user-friendliness. Businesses have also gained more insights into the operation of city organisations. For example, working first with one city, made it easier to start collaborating with other cities as well.

Bringing together multiple geographically separate cities as part of a single strategy

Individually, the six cities included in Finland's SUD ITI strategy may not be large in terms of population, but collectively they form a significant population base, enabling them to compete internationally. Their cooperation has brought many benefits. The Six City Strategy was the only collaboration programme for these cities during 2014-2020, and its value lies in the fact that they worked simultaneously towards shared goals. This level of cooperation was unique, fostering collaboration not only between the cities but also among various organisations and experts within them, creating an extensive network of urban stakeholders. The Six City Strategy also redefined the role of cities in the business sector. Traditionally, city-business collaboration focused on procurement, but now cities have become facilitators of innovation and active partners in product and service development. Additionally, the strategy helped the cities connect with global Smart City networks and secure international funding. A key success factor of 6Aika has been transforming the cities into platforms for development and experimentation. Educational institutions and healthcare environments, for example, have been opened to businesses for experimentation, which has been highly valued by the business community.

IN SUM

Finland used a very distinctive approach to Territorial Delivery Mechanisms in the 2014-2020 programming period, choosing to implement just one SUD ITI strategy albeit for a network of six major cities. The strategy had notable governance impacts, by involving the cities in an unprecedented way as informal Intermediate Bodies for Cohesion Policy implementation and triggered intensive collaboration and networking amongst them and with urban stakeholders across Finland. New pilot cooperations were initiated between the cities and public and private sector actors. That said, the strategy had not much impact on collaboration between cities along the functional linkages due to its specific focus on territorially disconnected large cities.

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Contributors

Marcin Dąbrowski, Niek Lurling, Gisela Garrido Veron (TU Delft),
Heidi Vironen (EPRC, University of Strathclyde)