



**NATIONAL INTEGRITY
SYSTEM ASSESSMENT
FINLAND**

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Transparency Suomi NATIONAL INTEGRITY SYSTEM ASSESSMENT

Introduction and Executive Summary

INTRODUCTION

The effects of corruption and preventing corruption have become central themes in mapping reforms to the political-administrative system. From the viewpoint of scientific research, different forms and effects of corruption are difficult to measure and assess, though there exists a common understanding of the negative effects of corruption. Several corruption incidents in the private and public sectors have made it necessary to assess the anti-corruption integrity mechanisms of European countries. Corruption erodes the principles of good administration, diminishes the citizens' trust, leads to inequality and injustice, and hinders the operations of both governments and markets. The negative effects of corruption stretch all the way through the public sector to business and individual citizens. Lack of trust can undermine the legitimacy of the entire system. This is why it is vitally important to safeguard and improve national integrity. Nearly 80% of European citizens surveyed for a 2009 EU Eurobarometer believed that corruption was a serious problem in their country.

This Finnish National Integrity System assessment is part of a research project coordinated by Transparency International and funded by the European Union. Similar assessments are being carried out in 25 European countries. The objective is to systematically assess Finland's integrity system, identify potential weaknesses, and suggest improvements for strengthening the system.

The NIS assessment focuses on mapping 13 different social institutions or sectors with the help of a systematic assessment method that was developed by Transparency International. The tables below outline the areas or "pillars" of the national integrity system and the themes that are being assessed.

The Finnish integrity system assessment assesses the most important government institutions that participate in preventing corruption and improving integrity. These institutions can be roughly divided into thirteen pillars which are named in the table below.

Pillars of Finland's integrity system

Legislature	Ombudsman	Media
Judiciary	Law Enforcement Agencies	Political Parties
Executive	Supreme Audit Institution	Business
Public Sector	Electoral Management Body	Civil Society
	Anti-Corruption Agency	

First, each pillar's capacity, governance, and role in the battle against corruption are assessed, as seen in the next table. Then the pillars are approached from the viewpoints of legislation and practice. Whenever possible, the assessment takes into consideration certain contextual factors such as the country's political, social, economic, and cultural situation and conditions. The holistic nature of the assessment is highlighted by the fact that each institution is assessed as a whole. Connections between pillars are referenced when appropriate.

Indicators by pillar

Capacity	Governance	Role in anti-corruption work
Resources	Transparency	
Independence	Accountability	Pillar-specific indicators
	Integrity Mechanisms	

There are two main stages to compiling and processing data. The first stage involves collecting information from legislation, research studies, expert interviews, and other sources. The research is carried out by a lead researcher or a research group. Next, the pillars and their parts are scored, giving the existing data a numerical form and assessment. The original numerical assessment scale includes five ratings: 0, 25, 50, 75, and 100. The score of each dimension (capacity, governance, and role) is an average of the numerical assessments of its component parts. The total score of a pillar is calculated by averaging the scores of the three dimensions. The final score of a pillar and the scores of its dimensions offer a general outline of the pillar as a part of the integrity system. The report on each institution includes a graph showing the averages of its parts.

The following table presents an adapted verbal assessment scale which is based on the previously mentioned numerical assessment scale. Each pillar is later scored by using a scale ranging from excellent through mediocre or weak.

Assessment scale

Excellent	100 (81-100)
Very good	75 (61-80)
Good	50 (41-60)
Satisfactory	25 (21-40)
Mediocre	0 (0-21)

The good performance of an individual pillar improves the overall assessment of the national integrity system. Similarly a weak performance will have a detrimental effect on the overall assessment. This assessment provides benchmarks that can be used to measure progress in the long term, compare the performance of different institutions, and find the best and worst practices within and between different institutions.

Finland's NIS assessment was carried out by a research group from the Public Management unit of the University of Vaasa, with Professor Ari Salminen as lead researcher. The other members of the research team were Post-Doctoral Researcher Rinna Ikola-Norrbacka and Researcher Venla Mäntysalo. The advisory group consisted of 8 members from various areas of government, civil society, and the trade union movement. The role of the advisory group was to observe the project's progress, comment on the pillars, and validate the indicator scores. The advisory group first convened in March 2011.

Research began in February 2011 with data collection and selecting the interview subjects. There were two experts interviewed for each pillar. The interviewees were chosen so that one represented 1) internal expertise, i.e. a person who had worked for a significant period within the institution, and the other represented 2) external expertise, i.e. a person who had monitored or studied the activities of the institution in question. The interviews were carried out between May and September 2011. The interviewees are listed in Appendix 1 of the full report.

EXECUTIVE SUMMARY

Overview

Finland's National Integrity System Assessment describes the relationship between legislation and practice from the points of view of thirteen national institutions or pillars. The specific strengths and weaknesses of each pillar are pinpointed in order to see what needs to be improved. This integrity system assessment is the first of its kind in Finland.

The research methodology is based on Transparency International's NIS assessment. The research progressed in stages from desk-review of the pillars and expert interviews to data analysis, finalising the assessment, and giving recommendations for improvements. The assessment was validated by Transparency International Secretariat, the project's advisory group, and an external expert.

Observations and Recommendations for Improvements

Based on the assessment, there is a group of subject areas containing the key issues and challenges. These are briefly discussed below. The suggestions for improvements pertain to Finland's legalistic tradition, transparency and accountability, use of resources, cooperation between officials, and the relationship between the citizens and the government.

Legalistic Tradition

Finland's administrative culture, which leans heavily on legalistic tradition, has long guaranteed the functioning of the administrative system and the legal handling of matters. In accordance with this tradition, Finnish society functions in a formal-rational manner. For the integrity system, this means that if there is legislation on a subject, it usually also works in practice. The law must be sufficiently specific so that an equitable solution can be guaranteed in various situations, since the Finnish administrative tradition appeals to the law. This often leads to less attention being paid to other kinds of ethical deliberation. In practice, staring at legal articles leads to officials rarely resigning from public positions or offices when abuse occurs, since juridically minor offences do not create external pressure to resign.

From the viewpoint of the integrity system, one weakness of the legalistic tradition is that modern society needs matters to be handled flexibly and often also quickly. It is vital to react dynamically, since later corrective measures are not equally effective. As active citizenship and participation increase, so does the importance of following first and foremost the spirit of the law as the citizens understand and experience it.

Finland has an Administrative Act and principles of good administration which all officials and office-holders must follow when carrying out official duties and using public authority. The Administrative Act and the principles of good administration partially make up for the lack of separate ethical codes for the public sector. Of course, legislation cannot completely replace ethical codes.

The assessment highlighted the fact that incapacity regulations need to be made more clear and detailed. There should be no room for interpretation in any situation. In addition, there need to be significant sanctions if incapacity regulations are violated. The Parliament, for example, needs both special ethical codes and more precise incapacity regulations.

Transparency and Accountability

The Act on the Openness of Government Activities and its stipulations legally guarantee transparency in administration and political activity. The practice is more problematic, which was demonstrated during the assessment of several pillars.

Information is available, but it is a different matter just how accessible the information is in practice, in other words how well the information reaches the citizens and interested parties. Matters are handled and decisions are made within processes that do not "open" to ordinary citizens. In these cases decisions are justified by referencing legislation. Intelligibility is not always equal for citizens and for administrative experts.

People are used to documents being openly available and to having matters discussed openly. In government activities there is openness within agreed boundaries. This is explained by the regulations of privacy protection and confidential information. Even though various reports and financial statements are publicly available, decision-making processes often remain unfamiliar to citizens and receive little public notice. One might ask whether this is adequate for openness and transparency.

Finnish culture and political decision-making are characterised by a certain indifference towards strengthening integrity. There have been no particularly great efforts towards anti-corruption work.

Nevertheless, regulations pertaining to reforms to election funding and to the Act on a Candidate's Election Funding have been made more strict and clear, and they now conform better to GRECO's requirements. One purpose of the new regulations is to improve transparency and accountability. However, it is too early to assess how well the new regulations work in practice and whether the changes are sufficient.

Especially when it came to improving accountability, the assessment gave rise to a critical view of the parliamentary auditors' ostensible role. External auditing of the Parliament would increase trust and improve oversight of accountability. In addition, ties between business and municipal decision-makers should be investigated more thoroughly by demanding more wide-scale transparency.

Finnish exchange-listed companies are committed to following corporate governance recommendations. Finnish businesses that operate internationally require more education on and awareness of how to operate in countries where corruption and other unethical traits are commonplace.

Resources and Their Use

The public and private sectors are constantly working to evaluate real needs and available resources.

The judiciary is strained by a lack of resources, which has led to some unreasonably long processing times in the courts. Longer processing times frequently break the principles of good administration. The processing of the Court of Appeal is being reformed so that some of the so-called minor cases of the lower courts will no longer have the right to appeal to the higher court, which would presumably ease the backlog of cases in the Court of Appeal and decrease processing times.

Lack of resources causes problems in special cases or suddenly arising situations. A good example would be the actions of the electoral management body in a special case where they must organise early elections. Are the current resources adequate for preparing for unusual situations? There will undoubtedly be problems, but this does not necessarily mean that integrity would be endangered.

For example, the budget of the National Audit Office seems insufficient in relation to the workload. This also affects preparedness for surprising situations, as was seen when problems arose with election funding. Merely obeying the law is not enough to guarantee morally acceptable operations. There is cause to wonder whether the National Audit Office has adequate resources. Increasing the NAO's resources like other Nordic countries have done would secure more effective oversight of the state's finances and improve the Office's investigative authorities.

Similarly, so many complaints are filed with the Parliamentary Ombudsman institution that the adequacy of resources comes into question. New legislation gives the Ombudsman more authority to decide which cases to pursue. This in turn undermines the tradition that anyone can file a complaint and always have their complaint handled. On the other hand, there is no denying that severely limited resources lead to prioritisations.

When assessing the adequacy of resources, one must also assess other factors such as leadership skills, the ability to reorganise tasks and implement new methods, and the serious issues that arise from a dated operational culture.

Cooperation between Officials and Other Coordination

As official matters and their handling become more complex, officials are putting more and more effort into cooperation and sharing information. However, successful cooperation requires openness between actors and existing legislation that enables and supports cooperation. In this aspect legislation somewhat lags

behind. For example, cooperation and information exchange between the police and Tax Administration remains incomplete precisely due to limitations arising from legislation.

In business, one pain spot of corruption is black or underground economy. Lately there have been significant efforts to prevent the black economy. This goal is also included in the Government Programme. Improving transparency of activities and cooperation between officials would lead to better results in the effective prevention of the abuses connected to black economy.

Although Finland has no special anti-corruption agency, there is a special project within the National Bureau of Investigation with an information exchange network. This is a question that needs to be asked in public and political discourse; does Finland need a new, separate anti-corruption agency?

The assessment shows that the integrity system functions well for the most part, though some flaws do exist. Establishing a new agency would require additional resources, with no guarantees of effectiveness. The current system is adequate, assuming that these activities receive more resources and that cooperation between officials is further improved. Even though cases are confidential, it would be important to commit others than just agencies and officials into cooperation. Giving the anti-corruption project within the National Bureau of Investigation better resources could increase its usefulness exponentially.

Finnish citizens have a great deal of trust in the police. Since the police are constantly cooperating with different organisations, it is clear that expertise in corruption issues is a central part of the police's purview. This is why police education should include more material on corruption issues.

Citizens and Administration

The relationship between citizens and administration is on the one hand about the values that are important to the citizens, and on the other hand about the importance of civil society as a protector of integrity.

From the citizens' point of view, the realisation of justice and equality creates a strong foundation for a national integrity system. Honesty, openness, and responsible action are emphasised in a political-administrative system. The cornerstones of good administration include transparency, responsibility, accountability, and integrity. It is important to citizens that they can to some extent oversee integrity. There may be a need for new informing mechanisms with which citizens can inform the authorities of unfair treatment or abuse. Municipal and business administration as well as the media should invest in developing informing mechanisms.

Civil society has long held the role of "watchdog" of the state and municipalities, and the media plays a central role in revealing corruption cases. However, there is

room for improvement in the area of investigative journalism. Despite the fact that media can function freely in Finland, there is very little investigative journalism.

Due to lack of resources, small local newspapers, for example, have very limited abilities to support investigative journalism. Another problem is that in small municipalities everybody knows one another. This can make it quite difficult for reporters of local newspapers to write impartially and critically about local issues. Regional newspapers also put very little into developing investigative journalism. As for large newspaper houses, unilateral ownership and in some cases excessive pursuit of scandals pose some difficulties. Nevertheless, developing real investigative journalism would support wide-scale freedom of speech and open society.

Media self-regulation is another issue. Is there need for a media ombudsman? One may ask whether it is sensible to put resources into a new organisation if we agree that the Council for Mass Media in Finland, for example, has had very little impact in this aspect. Setting up a media register is another development viewpoint. The register would show how much advertisers have spent each year, which would make it possible to investigate excessive ties between the media and business.

The third sector plays a vital role in the citizens' everyday lives. From an international perspective, Finns are quite active when it comes to civil society organisations (CSOs). The majority of Finns belong to more than one association in the course of their life. According to a study in 2004, 75% of the population belonged to at least one association. Some CSOs operate in the leisure sector while others operate in welfare services. This assessment has demonstrated that especially when it comes to welfare services, activities are often too authority-centric. CSOs are dependent on the financial resources they receive, which leads to the development of activities being largely tied to where the state and municipalities want to direct their funding. New requirements about competition have also made things difficult for some CSOs.

The role of civil society is at a turning point. On the one hand, there are reasons to strengthen the role of CSOs in producing welfare services. On the other hand, funding and current legislation pose considerable challenges to non-profit service activities. Many CSOs have not traditionally been active or shown initiative in anti-corruption activities.