



Finland's Right to Learn Programme: Achieving equity and quality in education

Finland has been widely regarded as one of the most successful education systems in the world. However, recent trends suggest that Finland's considerable achievements may be at risk. The country's performance in international student assessments has been declining over the past decade, as gaps among student groups and levels of school segregation have grown. In light of these developments, Finland is advancing a number of policies, notably under the umbrella of the Right to Learn (RtL) Programme, to improve quality and equity in early childhood education and care (ECEC), pre-primary and basic education. This analysis explores the Ministry of Education and Culture's (OKM) planned reforms in regard to the country's main education challenges and priorities. At the request of the Ministry, the analysis focusses on three main policy issues: (i) financing equity and quality in education, (ii) expanding participation and strengthen quality in ECEC, and (iii) equalising education opportunities through strengthening the local school policy. A final section looks at some of the cross-cutting issues that emerge from the OECD's analysis. This analysis offers policy considerations aimed at strengthening the design and implementation of the RtL Programme.

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1. Background and overview

1.1. Introduction

Since its first participation in the Programme for International Student Assessment (PISA) in 2000, Finland’s education system has been a source of inspiration for OECD and partner countries. While Finland’s consistently high performance in international student assessments raised attention worldwide, it has been the country’s ability to combine quality with equity that asserted its international renown. However, recent trends suggest that Finland’s considerable achievements may be at risk. Learning outcomes have been declining, while the gap in student performance related to socio-economic and immigration status, which was already among the highest across OECD countries, has widened in recent years. Boys underperform relative to girls to a greater extent than observed in most OECD countries, and these gaps tend to be most acute among socio-economically disadvantaged boys. The COVID-19 pandemic has likely magnified such issues; disrupted schooling and the economic shock that followed the pandemic have had profound impacts on student outcomes and well-being. Still, even before the pandemic, Finns were concerned with the state of their education system. In 2019, Finnish people considered education the third issue of greatest concern facing the country (17%), only behind health and social security (48%) and the environment, climate and energy issues (35%) (OECD, 2021^[1]).

In light of these developments, Finland’s Ministry of Education and Culture (*Opetus- ja kulttuuriministeriö*, OKM) is advancing a number of policies, notably under the umbrella of the Right to Learn (RtL) Programme. Following Finland’s traditional commitment to universalism, social rights and equality, these programmes seek to ensure an equal start for children by improving quality and equality in early childhood education and care (ECEC) and basic education¹ (Ministry of Education and Culture, n.d.^[2]). While the Finnish government has already publicly announced the outline of the reform plans and some initiatives are already being rolled out, some of the details surrounding the different measures are still under discussion. The RtL Programme is made up of two distinct streams:

- The **Development Programme for Quality and Equality in Early Childhood Education and Care**, which aims to create equal conditions for learning, offering greater flexibility for those that start, and improve the quality of ECEC. This includes plans to improve the staff-to-children ratio for children above 3, pilot an experience to make pre-primary education compulsory from age 5, and strengthen professional development programme for ECEC management teams.
- The **Development Programme for Quality and Equality in Comprehensive School Education**, which aims to strengthen learning outcomes and equality in primary and secondary education, make better support available for children and strengthen the quality of teaching. Prospective measures include reforming school funding, developing a national inclusion development programme, reinforcing teachers’ continuous professional learning, among others.

At the request of OKM, the OECD has been invited to review the current reforms. This analysis explores the planned reforms in regards to the country’s main education challenges and priorities. After consultation with OKM, the OECD focused on the following main policy issues as they pertain to the RtL Programme:

- **Policy Issue 1. Funding equity and quality in education.** Allocating funding, materials and staff according to the settings’ characteristics and student population groups is meant to achieve a more equitable and fairer distribution of resources across an education system. However, in Finland, schools and ECEC centres with the greatest needs often lack the necessary resources to adequately support students from lower-income or immigrant families to reach their full potential.

¹ Finland has nine years of basic education, from age 7 to 16. It is part of comprehensive education in Finland, which lasts until 18 years old.

The complexity of Finland’s funding system also creates a number of inefficiencies that hinder improvement efforts.

- **Policy Issue 2. Strengthening equity and quality in ECEC.** Finland has relatively low levels of ECEC participation, in particular, among children under the age of 3, and students from immigrant or low socio-economic backgrounds are less likely to be enrolled. Issues related to parental support and preferences contribute to these trends. The quality of ECEC provision also varies geographically and across setting types reflecting differences in financial and human resources.
- **Policy Issue 3. Equalising education opportunities through strengthening the local school policy.** Growing socio-economic and geographical disparities, as well as the development of enriched curricula for some classes (also known as “weighted curricula”) and greater school choice, are some of the factors behind increasing segregation and inequality in Finland’s education system. These trends go against the Finnish principle according to which, for all children, the “closest school should be the best school”.

Based on desk-based research, consultation meetings with national stakeholders and input from international experts, this analysis offers policy considerations to support OKM in developing and implementing the planned reform.

Section 1. of this analysis offers a brief introduction to Finland’s RtL Programme, outlining the main policy issues to be discussed. It also gives an overview of the Finnish education system including how it is governed and funded, and some background context of learning outcomes and trends in Finland. Sections 2. focus on the three main policy issues, discussing relevant examples of policies and practices from around the OECD, and providing policy considerations to improve equity and learning outcomes. Finally, Section 5. looks at some of the key cross-cutting issues that emerge from the previous sections, and puts forward a series of broader pointers that can help strengthen the design and implementation of the RtL Programme.

1.2. The Finnish education system

1.2.1. Finland’s socio-economic context

A number of trends are pertinent in contextualising the Finnish education system and current policy efforts. Notably, Finland has witnessed an important demographic shift in recent years. A rapid rise of immigration has meant that Finland’s foreign-born population has grown from just 1% of the Finnish population in 1990, to 7.3% in 2020 (OECD, 2021^[3]). The increase in inflows – and their concentration in urban areas (OECD, 2021^[3]) – has put a strain on the Finnish integration system, which was designed to support far fewer immigrants and has struggled to keep up with recent trends. Such challenges are acutely observed in the education system, as will be discussed.

Geographically, Finland is seeing an increasingly concentrated population in urban settlements in the south of the country; this concentration is particularly severe in the Greater Helsinki metropolitan area (Eurydice, 2021^[4]; OECD, 2018^[5]). These trends have had profound implications for the provision and financing of services, including education (OECD, 2018^[5]).

Similarly to what has been observed in several European countries, a rise in socio-economic inequalities has been accompanied by growing concentration of wealth in specific areas, and of disadvantage and deprivation in others. Disparities exist not only between rural and urban regions, but also increasingly within the same city, often following ethnic and linguistic lines (Bernelius and Huilla, 2021^[6]). As will be discussed in Sections 2. and 4. the Right to Learn Programme aims to compensate for and mitigate some of the consequences of these trends, by providing discretionary grants to the schools and ECEC institutions with the greatest needs and strengthening the “closest school is the best school” principle. Moreover, a further

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goal of the Right to Learn Programme was to compensate previous budget cuts occurred between 2011 and 2015 in the education field.

1.2.2. Governance and structure

The Finnish education system is highly decentralised but the central administration plays an important steering role. The Finnish Parliament decides on educational legislation, and OKM oversees ECEC and basic education. Finland’s 309 municipalities have traditionally been responsible for funding and providing education as well as a range of other services (however, this role is changing; see Box 1). The following sub-sections will provide more details on how ECEC and basic education in Finland are governed and structured.

Box 1. Reforming responsibilities in Finland: Municipalities and regional counties

Finland is one of the most decentralised OECD unitary countries, and traditionally, providing services such as education, social services and healthcare have fallen under the responsibility of municipalities. However, there is some evidence that fragmentation in the system resulted in inefficiencies as well as regional differences in terms of level of care (OECD, 2020^[7]).

Recent developments in the country have aimed at reducing the roles and obligations of municipalities. One of the most notable steps in this direction is a recent reform of health and social services (called the “Sote” reform onwards). Current tasks in these domains will be transferred from municipalities to 21 welfare counties in 2023, thereby also removing the funding for these services from the municipal budgets (Ministry of Finance, 2020^[8]). In addition, the City of Helsinki will organise its own health, social and rescue services. Personnel working in student welfare services, including social workers and psychologists, will have their employment transferred to the counties, out of the municipal services. The OECD Economic Survey of Finland has recommended that Finland accompany this reform with a set of numerical targets for fiscal savings to maximise cost efficiency on the one hand and ensure equitable access to high-quality services on the other (OECD, 2020^[7]).

Source: OECD (2020^[9]), OECD Economic Surveys: Finland 2020, OECD Publishing, Paris, <https://dx.doi.org/10.1787/673aeb7f-en>; Ministry of Finance (2020^[8]), Health and social services reform will reduce the functions of local government and halve municipal personnel, <https://soteuudistus.fi/en/-/10623/health-and-social-services-reform-will-reduce-the-functions-of-local-government-and-halve-municipal-personnel> (accessed on 4 May 2022).

ECEC

In 2013, ECEC administration was transferred from the Ministry of Social Affairs and Health (*Sosiaali- ja terveysministeriö*) to OKM. Placing the responsibility for ECEC, pre-primary and primary education under one ministry (or agency) is increasingly common among OECD countries, including Denmark, Iceland, Italy and Norway (OECD, n.d.^[10]). An integrated ECEC system can strengthen coherence between ECEC and schools and is associated with positive outcomes, including more affordable provision, better qualified staff and smoother transitions (OECD, 2017^[11]).

At the national level, OKM oversees the preparation and implementation of ECEC policy. Within OKM, the Finnish National Agency for Education (*Opetushallitus*, EDUFI) is responsible for developing national ECEC curriculum frameworks, coordinating national developing networks for ECEC professionals, and collect information on expenditure. In addition, the Finnish Education Evaluation Centre (*Kansallinen*

koulutuksen arviointikeskus, FINEEC) is responsible for setting and updating the national guidelines and quality criteria for the evaluation of ECEC, conducting external evaluations of the ECEC system (as well as the education system more broadly) (Eurydice, 2021^[12]).

Municipalities have the responsibility of organising provision and allocating funds to ECEC centres. They also need to develop municipal-level curricula (adapted from the national curriculum) in collaboration with schools and all relevant stakeholders at the community level. In turn, ECEC providers are responsible for budgeting, and developing the municipal-level curriculum for their specific centres. While municipalities are generally responsible for recruiting and training staff (with the exception of those working in private settings), some delegate hiring responsibilities to ECEC centres.

A distinctive feature of Finland’s ECEC system – and, indeed, of its education system more generally – is that education-related decisions at all levels are taken with strong stakeholder participation. The role of families and the community, in particular, is widely recognised and encouraged.

Structure

Finnish municipalities have a statutory duty to ensure children’s right to ECEC in early education centres or family day care to those that wish to enrol their children in ECEC and/or pre-primary education, full day or part time. These services are typically provided in one of the following settings:

- Early education centres (*päiväkoti*, EEC): centre-based ECEC is the most common form of ECEC service for children under primary school age; around 80% of children in ECEC are enrolled in an EEC (THL, 2020^[13]). EECs can also offer pre-primary education (ISCED 02) for children aged 6 years old. In fact, the majority of pre-primary education is offered in EECs, and the remaining in primary schools.
- Family day care (*perhepäivähoito*, FDC): family-based ECEC that operates in small groups in a home-like environment (e.g., at the ECEC caregiver’s home or at some cases the child’s home). Childminders may come together to organise group family day care (and in such cases, the local authority offers the premises).
- In addition to early education centre and family day care provision, municipalities can offer open ECEC activities (*avoin varhaiskasvatustoiminta*): there are various types of open ECEC services providing children with different types of activities (e.g., playground clubs) and social networks (NCEE, 2018^[14]).

From this selection, parents choose the option that best meets their and their child(ren)’s needs. In addition, parents can opt to take unpaid work leave to care for their child(ren) at home, immediately following the end of their 9-month parental allowance and until the child is three years old (OECD, 2020^[9]). During this time, they have the right to a homecare allowance (and potential supplements depending on their revenues) paid by Finland’s Social Insurance Institution (Kela) and financed by the state and municipalities. Some municipalities also offer additional supplements. This is, in fact, a common alternative to ECEC. Most parents, and often specifically mothers, choose to take care of their child at home on homecare allowance. Indeed, 70% of all children under three are cared for at home (OECD, 2020^[9]). Evidence suggests that low-income or immigrant families are more likely to choose this alternative (NCEE, 2018^[14]).

ECEC services can be offered by public (i.e., run by municipalities) or private providers. For the most part, private providers are government-dependent, as parents use government allowances to help cover client fees. The private sector – and in particular the for-profit sector – has been growing in recent years². One reason for this is that municipalities have been increasingly outsourcing ECEC provision to private suppliers as a way to increase overall provision in a context of high demand (NCEE, 2018^[14]). While the overall participation of the private sector remains significantly lower than across OECD countries and

² This trend is not observed across pre-schools, which are for the most part public.

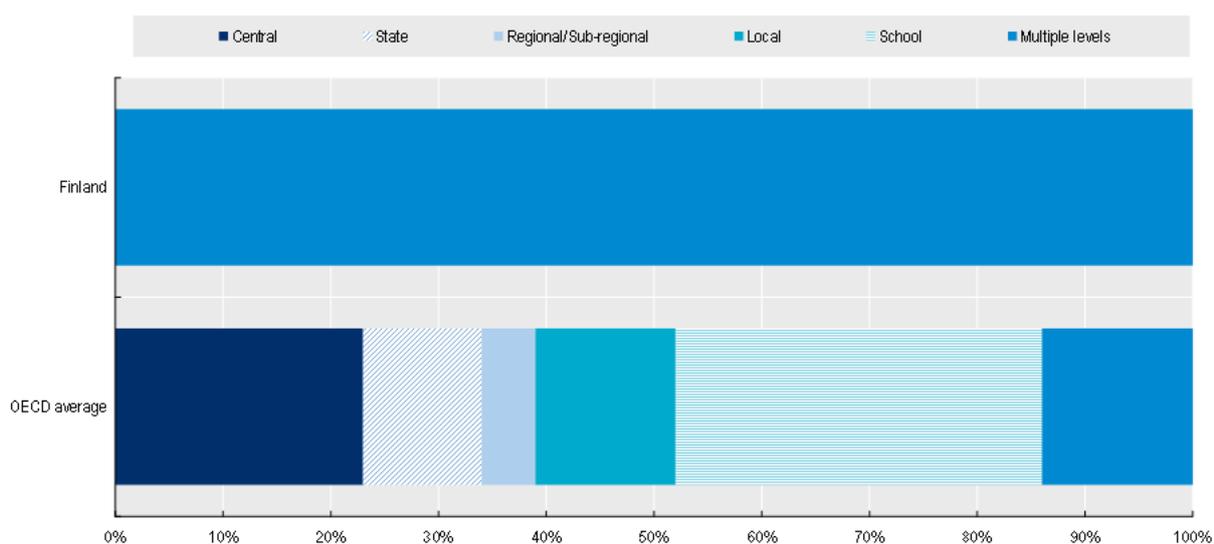
varies between Finnish municipalities, there are growing concerns in Finland about the impact of this trend on the equity and quality of the ECEC system in the medium and long run.

Basic education

OKM is responsible for designing primary and secondary education policy. The Finnish National Agency for Education is the operational arm of the Ministry, tasked with giving guidance and support to schools, teachers and education providers. It develops and runs the National Core curriculum, as well as the student assessment. The administration of schools falls to Finland’s municipalities, which are responsible for funding allocations, local curricula and recruitment of personnel (NCEE, 2021^[15]).

Importantly, most decisions, including the development of national-level strategies, are taken in collaboration with the municipal levels. According to 2017 data, in Finland all educational decisions related to lower secondary schools were made across multiple levels, whereas no other country reported more than half of such decisions being shared across levels (Figure 1).

Figure 1. Percentage of decisions taken at each level of government for public lower secondary schools, 2017



Note: This figure considers four domains of decision-making: 1) Organisation of instruction; 2) Personnel management; 3) Planning and structures; and 4) Resources.

Source: OECD (2018^[16]), Education at a Glance 2018: OECD Indicators, <https://doi.org/10.1787/eag-2018-en>.

Local authorities determine how much autonomy is passed on to schools. Budget management, acquisitions and recruitment are in many cases the responsibility of schools (Ministry of Education and Culture, 2017^[17]). In general, schools have the right to provide educational services according to their own administrative arrangements and visions, as long as the basic functions determined by law and the National Core curriculum are carried out. There are no regulations governing class size, and education providers and schools are free to determine how to group students (for more see Section 4.).

Structure

Compulsory education in Finland is structured around three main elements:

- Last year of pre-primary education³ (1 year; age 6).
- Basic education (9 years, Grades 1 to 9; ages 7-16), which essentially covers primary and lower secondary.
- General upper secondary or vocational education and training (VET) (ages 16-18/20). This level only recently became compulsory (starting in 2021) after compulsory education was extended from age 16 to 18.

Finland has an overwhelmingly publicly dominated school sector, which is free of charge. While private institutions exist, they are publicly subsidised and must meet the same national requirements as their public counterparts (Ministry of Education and Culture, 2017_[17]). As of 2021, about 3% of total basic and general upper secondary schools in Finland were private (Statistics Finland, 2021_[18]).

In Finland, the number of schools has diminished between 2008 and 2016 by 18% (Finnish National Agency for Education, 2019_[19]). The majority of schools that was closed or merged had a small student body. Children generally attend the nearest school as assigned to them by the local authorities and most students live within a 5-kilometre radius from their schools, although this varies for students who do not live in urban centres and is potentially compounded by the steady decline in the number of comprehensive schools in the country.

Growing urban segregation has also been growing in the country, meaning that students from socio-economically disadvantaged and immigrant background tend to concentrate in the same schools. Remote areas are particularly affected by a lack of available structures, services, and qualified teaching staff. Geographical disparities have important implications for the quality and equity of Finland’s school system that will be discussed in Section 4.

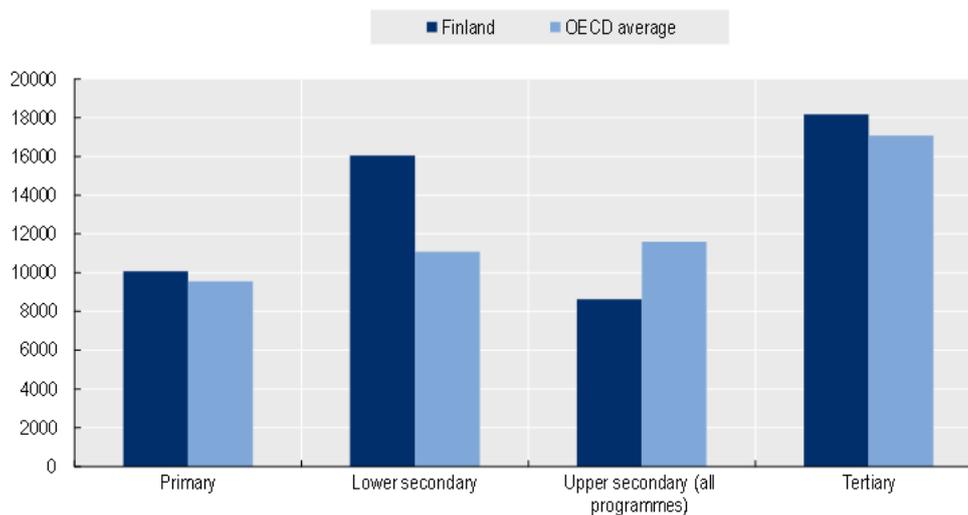
1.2.3. Funding

Finland’s overall expenditure on education as a share of national wealth is high by international standards. At 5.1%, expenditure on primary to tertiary education as a proportion of gross domestic product (GDP) is slightly higher than the OECD average of 4.9% (OECD, 2021_[20]). Similarly, also accounting for the number of students, Finland spends slightly more than the OECD average per student enrolled in primary and lower secondary, but slightly less than the OECD average for upper secondary students. Overall, Finland’s per-student funding is oriented towards basic education to a greater degree, whereas across the OECD there is a tendency to emphasise upper secondary and tertiary education (Figure 2).

³ The OECD follows the International Standard Classification of Education (ISCED) classification of ECEC settings for pre-primary settings (or ISCED 02) and generally considers all regulated settings serving children under age 3 (even if they are not classified as ISCED 01). This means that, unless otherwise specified, references to “ECEC” or “ECEC settings” made in this analysis refers both to pre-primary and education and care for children under age 3.

Figure 2. Total expenditure on educational institutions per full-time equivalent student, 2018

In equivalent USD converted using PPPs for GDP, direct expenditure within educational institutions, by level of education



Note: Primary education includes pre-primary programmes. PPP refers to power purchasing parity.

Source: OECD (2021_[20]), Education at a Glance 2021, <https://dx.doi.org/10.1787/b35a14e5-en>.

For the most part, the Finnish system seems to address schools’ perceived needs. Principals of lower secondary schools in Finland report material and human resource shortages to a much lesser extent than their OECD peers (OECD, 2019_[21]). Nevertheless, some issues remain. As will be discussed in Section 2.1. , gaps in education provision have been widening as municipalities over the last years have had to rely more on their own funds and several are struggling to cover costs (Pitkänen et al., 2017_[22]).

Allocation mechanisms

The allocation of funding to primary and secondary schools in Finland is under the responsibility of local authorities. This is organised both through central transfers from the government to municipalities, specifically from the Ministry of Finance and OKM, and through locally-raised funds (described more in detail in Section 2.1.1.). Locally-raised funds cover the largest part of funding for both ECEC and basic education. Municipalities are free to decide how to distribute these funds across public sectors (e.g., education, health, etc.) and to schools, which leads to some inequalities in the allocation of funds, as discussed in Section 2.1. .

The funding of ECEC services is also competence of the municipalities. Their funding relies on both central allocation and locally-raised funds, as in the case of basic education. Yet, ECEC services’ resourcing differs from education, as it is also funded by private sources, such as client fees⁴ paid by parents. Private expenditure covers around 8% of total spending in ECEC (after public to private transfers), among the lowest in OECD (18% on average across the OECD) but higher than for other education levels (OECD, 2021_[20]). Policy Consideration 3.2.4. discusses some of the allowances that parents and families can benefit from to pay childcare fees.

⁴ Public pre-primary education is free for all children aged six years old. However, given that pre-primary education is only available part time (20 hours per week), those who enrol their children in ECEC programmes beyond 20 hours must pay a fee.

1.2.4. Main trends in participation, learning outcomes and equity

The Finnish education system is under significant pressure to maintain high and equitable outcomes. Even though Finland performs above the OECD average in terms of both equity and quality, student performance in all three PISA disciplines (i.e., reading, mathematics and science) has been decreasing since 2006. There are also growing concerns as performance differences linked to student characteristics have widened, and children from vulnerable groups remain more likely to drop out of education. This section explores these trends in detail to understand better Finland’s current challenges.

Participation and attainment are high for compulsory education, and less so for other levels

The capacity of a country to prepare children and young adults for the future, and effectively develop the skills and competences needed by the labour market depends, among other things, on the levels of education participation and attainment. While participation in compulsory education in Finland is nearly universal, enrolment in ECEC and tertiary attainment rates remain low for OECD and European Union (EU) standards.

Low levels of participation in ECEC for the youngest children, but high take up of compulsory pre-primary education

In Finland, children can access ECEC from the end of parental leave (at 9 months) until entry to pre-primary (when they are 6 years old), but participation is optional. At 6 years old, however, all children must attend one year of pre-primary education. This structure explains the disparities in participation observed across age groups. Enrolment at age 6 is nearly universal (99%) and surpasses the OECD average, whereas participation of younger children is significantly lower (OECD, 2021^[20]). Moreover, data also points to wide differences in participation in ECEC across socio-economic and geographic lines. Section 3. will discuss these trends and their implications in further detail, and propose some policy considerations that can help Finland address these issues.

Despite universal participation in primary and secondary education, there are concerns regarding grade repetition and early school leaving among vulnerable groups

Finland has a strong commitment to comprehensive schooling, with participation in compulsory education nearly universal. In 2021, upper secondary education became compulsory (OECD, 2020^[23]). However, some student groups face considerable challenges progressing through education. For example, socio-economically disadvantaged students are more likely to repeat a grade than their advantaged peers even after accounting for reading performance, although this is a relatively uncommon practice in Finland (OECD, 2020^[24]). Moreover, early school leaving tends to be concentrated among male and immigrant students, as well as those who live outside of cities (OECD, 2021^[25]). The gap in terms of early school leaving between students with special education needs (SEN) and other students is also higher than the EU average (16 percentage points in Finland in comparison to 10 in the EU) (European Commission, 2020^[26]). Lower qualifications can have long-term consequences for students, hindering their future labour market participation, financial independency and lifetime earnings (Brunello and Paola, 2014^[27]).

While Finland is among the world’s highest performing education systems, performance has been declining and gaps between student population groups have been widening

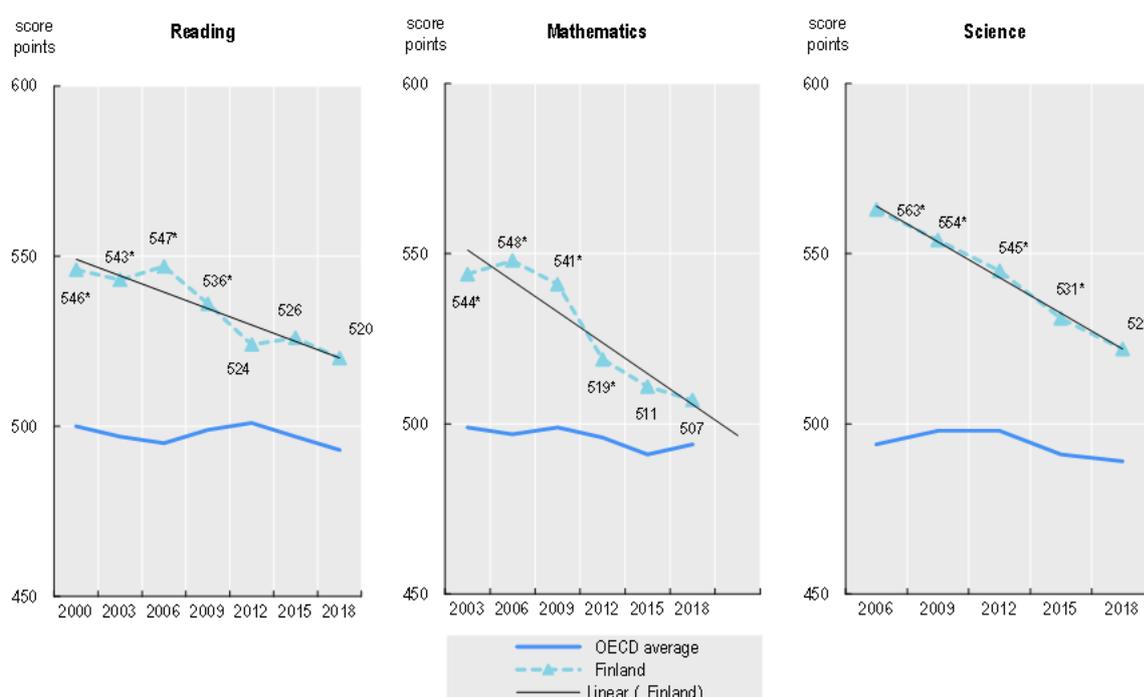
In PISA 2018, Finland was one of the top performing OECD countries in reading along with Canada, Estonia and Ireland (OECD, 2019^[28]). Finland was also one of four EU countries⁵ that met EU targets for

⁵ The other countries were Estonia, Ireland and Poland.

underachievement in reading, with only 13% of students scoring below level 2, considered the baseline for proficiency (EU target: 15%). Furthermore, Finland met the target for scores in science and mathematics.

However, a closer analysis shows that there has been a steady decline in Finland’s scores in all three subjects since PISA 2006 (see Figure 3). This trend has been driven by the increase in the number of low performers in all domains. The percentage of students scoring below level 2 in reading has increased by more than five percentage points, while the share of top performers (i.e. scoring above level 5) has remained stable (OECD, 2019^[29]). Similar findings have been observed in other international student assessments. Besides the progressive decline in Finland’s PISA scores, a further concern relates to Finland’s equity gaps, which have been widening over the years as will be subsequently discussed.

Figure 3. Trends in performance in reading, mathematics and science (PISA 2000-2018)



Note: *indicates mean-performance estimates that are statistically significantly above or below PISA 2018 estimates for Finland. The dark blue line indicates the average mean performance across OECD countries with valid data in all PISA assessments. The light blue dotted line indicates mean performance in Finland. The black line represents a trend line for Finland (line of best fit).

Source: OECD (2019^[29]), PISA 2018 Database, Tables I. B1.10, I. B1.11 and I. B1.12., accessed on 14 February 2022, <https://www.oecd.org/pisa/data/2018database/>

Finland’s socio-economic disparities have been increasing

Overall, the difference in reading performance between socio-economically advantaged and disadvantaged students⁶ in Finland (79 score points) is smaller than the average across OECD countries (89 score points) as of 2018 (see Figure 4). However, this gap has been widening in Finland, while it has remained stable across the OECD. Indeed, the gap between socio-economically advantaged and

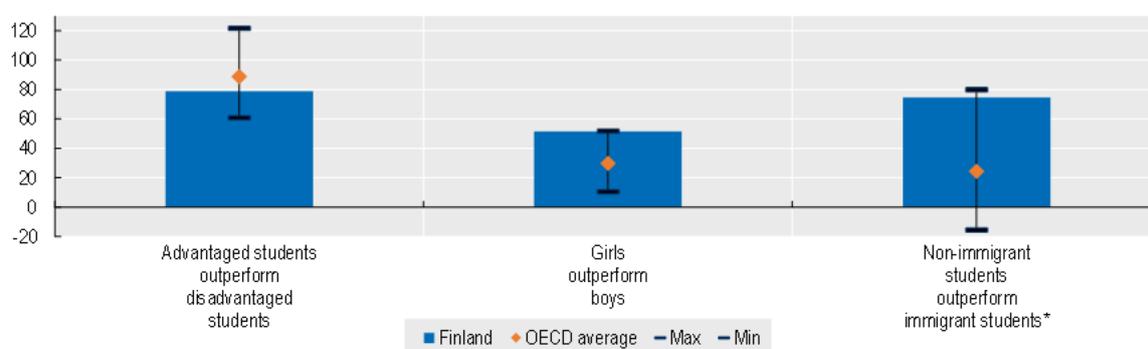
⁶ Students are considered advantaged if they are amongst the 25% of students with the highest values in the ESCS index in their country or economy; students are classified as disadvantaged if their values in the index are amongst the bottom 25% within their country or economy (OECD, 2019^[30]).

disadvantaged students was 18 points larger in 2018 than in 2009⁷ (compared to one point higher on average across the OECD). What is peculiar in Finland is that this increased gap appears to be almost entirely driven by a decrease in performance of the disadvantaged students. Between 2009 and 2018, their reading scores decreased by 21 points, while the difference for the advantaged students decreased by only non-significant three points. This flags a challenge in the support for less advantaged students in the education system.

Socio-economic status is also a strong predictor of performance in mathematics and science. It explained 12% of the variation in mathematics performance (OECD average: 14%), and 10% of the variation in science performance (OECD average: 13%). Still, some 13% of disadvantaged students in Finland (OECD average: 11%) were able to overcome the challenges they face and score in the top quarter of reading performance (OECD, 2019_[29]).

Figure 4. Selected equity and quality indicators for Finland, PISA 2018

Score point difference in reading performance by socio-economic status, gender and immigration background



Note: “Min”/“Max” refer to OECD countries with the lowest/highest values; [*] Score point difference after accounting for students’ socio-economic status and language spoken at home.

Sources: OECD (2020_[23]), Education Policy Outlook in Finland, OECD Education Policy Perspectives, <https://dx.doi.org/10.1787/f162c72b-en>; OECD (2019_[29]), PISA 2018 Database, <https://www.oecd.org/pisa/data/2018database/> (accessed on 14 February 2022).

Boys underperform relative to girls across all subjects

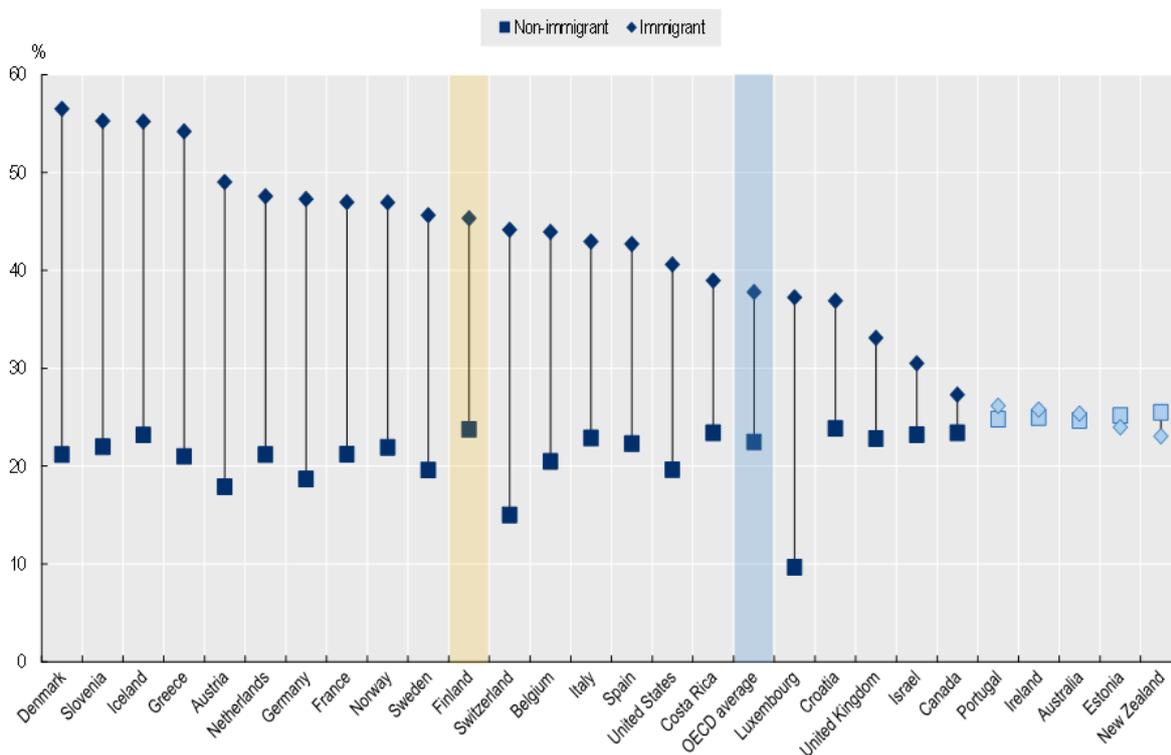
In PISA 2018, boys in Finland performed significantly below girls in all three domains. In reading, boys scored on average 52 points lower than girls and were more than twice as likely not to reach baseline proficiency. This gap is larger than the average across OECD countries (30 points) (Figure 4). Girls in Finland also outperform boys in science, with a statistically significant difference of 24 score points (OECD average: 2 score points), and in mathematics by six score points (OECD average: 5 score points in favour of boys). Between 2009 and 2018, performance differences did not narrow, as boys’ and girls’ performance declined at similar rates.

Students with an immigrant background are falling increasingly behind non-immigrants

⁷ In PISA 2009, the performance gap in reading related to socio-economic status was 61 score points in Finland and 87 score points on average across OECD countries.

According to PISA 2018, 5.8% of Finland’s students had an immigrant background⁸, lower than 13% in OECD countries (OECD, 2019_[30]). These students are more likely to be from a socio-economically disadvantaged household than non-immigrant students. Around 45% of students with an immigrant background are in the bottom quarter of the PISA index of socio-economic status in Finland. This is higher than the OECD average of 38% (Figure 5).

Figure 5. Percentage of socio-economically disadvantaged students by immigrant background, PISA 2018



Note: A socio-economically disadvantaged student is a student in the bottom quarter of the PISA index of economic, social and cultural status (ESCS) in his or her own country/economy. Statistically significant differences are shown in darker tones.

Source: OECD (2019_[30]), PISA 2018 Results (Volume II): Where All Students Can Succeed, <https://dx.doi.org/10.1787/b5fd1b8f-en>.

Performance differences based on immigrant background in Finland are also among the highest in the OECD. Even after accounting for students’ and schools’ socio-economic status and language spoken at home, students with an immigrant background scored, on average, 74 points lower in PISA 2018’s reading assessment than those without an immigrant background (Figure 4). This gap widened between PISA 2009 and 2018 while Finland’s share of immigrant students taking the assessment also grew by 3.2 percentage points (OECD, 2019_[30]). Moreover, results show that, after accounting for students’ and schools’ socio-economic profile, immigrant students in Finland were more than twice as likely as non-immigrants to score below level 2 in reading, considered the minimum level of performance. Among other things, these gaps appear to be correlated to students’ age of arrival in the country, country of origin and

⁸ Students with an immigrant background can be defined as those students who are either foreign-born or who have at least one foreign-born parent, while non-immigrant students are students who are native-born from two native-born parents.

language proficiency (Kirjavainen, 2015^[31]). These findings suggest that the disadvantage linked to immigrant background cannot be reduced to the effect of these students’ socio-economic background and language spoken at home, but point towards the presence of segregation effects.

Performance disparities among regions, neighbourhoods and schools reflect widening socio-economic gaps

What is particular about the Finnish school system is that performance of students in Finland differs more drastically within schools, and not as much across schools (Berisha and Seppänen, 2016^[32]). Indeed, according to PISA 2018, the variation of students’ outcomes is larger within schools (94% of total variation). In contrast, the variation in reading performance between schools was just 7% of the total variation. Across OECD countries, between school variation tends to be more significant; 29% of the average variation in reading performance in OECD countries was observed between schools, with 71% of the variation seen within schools (OECD, 2020^[24]).

Nevertheless, an evaluation commissioned by OKM has shown that disparities among schools in Finland are growing, with schools in neighbourhoods at risk of urban deprivation reporting lower learning outcomes (Bernelius and Huilla, 2021^[6]). This evaluation linked these trends to widening geographical segregation, and increased socio-economic and ethnic gaps among neighbourhoods and schools (Bernelius and Huilla, 2021^[6]). The report reveals that schools that report the worst learning outcomes in the country are mainly located in large urban areas and their suburbs. Another relevant finding from this report is that there is greater variation in student outcomes in large cities compared to rural areas. Section 4. discusses the factors behind these trends and the growing segregation in the education system, as well as their implications for individual students and the system more broadly.

2. Financing equity and quality in education

2.1. Introduction

The recent socio-economic and demographic trends in Finland have put the funding system under increasing pressure. The rapid rise of immigration, aging population and the concentration of the population in urban areas are all factors that have profound implications for the provision and financing of public services, including education (OECD, 2018^[5]). There has also been a rise in socio-economic inequalities that was accompanied by growing concentration of wealth in specific areas, and of disadvantage and deprivation in others. This has led to a growing divide not only between rural and urban regions, but also increasingly within the same city, often following ethnic and linguistic lines (Bernelius and Huilla, 2021^[6]). These trends have heightened differences between municipalities both in terms of their population needs and of the resources that are available to them and that they are able to raise. As a result, municipalities have developed different approaches to respond to the needs of their children, which has led to compounding differences in how the funding is allocated and made available to children and students at the ECEC and school levels.

Worryingly, some municipalities have reportedly struggled to cover their share of funding of ECEC and schooling after previous governments’ cutbacks on central allocation funding, but have tried to maintain the same levels of resourcing by adding their own resources (Pitkänen et al., 2017^[22]). This phenomenon appears to be linked to the fact that the Finnish funding system, as it is currently organised: i) relies largely on municipalities’ self-financing abilities; ii) seems to provide to the central government limited leeway to reduce inequality on available resources and expenditure levels at the local level. This translates into a reliance of municipalities on the additional grants provided by OKM, which affects the stability of their funding streams and the ability to plan ahead. Moreover, the availability of a large number of grants requires municipalities to invest time and resources to apply for the funding they need, and not all

municipalities have the capacity to engage in the application process. Overall, the grant system seems to be gaining prominence in Finland’s strategies to respond to the varying financing needs of municipalities and schools – despite concerns on the unstable nature of the system - as discussed more in depth in the next sections of the paper. Yet, central allocation mechanisms have a key role in ensuring equitable funding in education systems but are not currently being considered as a possible pathway towards greater equity in funding. However, the ongoing reform of municipal competences – with various services becoming competence of welfare counties - provides an interesting chance for Finland to reflect on the role of its central funding mechanisms and the purposes that these should serve.

Finland recognises the needs to target its funding more specifically in relation to the increasing diverse needs of its population; the Right to Learn Programme is the government’s response to this issue, as it aims at creating a sustainable and effective financing system through a structural and legislative reform (Ministry of Education and Culture, 2020^[33]). OKM has established a working group for this purpose. In addition, the programme has implemented special state grants:

- Special grants totalling approximately EUR 241 million have been awarded three times for measures to promote equality and improve the quality of ECEC, pre-primary, primary and lower secondary education (Ministry of Education and Culture, 2022^[34]).
- Special grants for the support of learning and the development of inclusion in ECEC, pre-primary and primary education have been granted twice, totalling almost EUR 20 million.

The following section of the paper provides an introduction to the structure of the Finnish education funding system, to contextualise the analysis of the challenge facing Finland and the related policy pointers discussed in Section 2.2. .

2.1.1. Finland’s education funding system

In Finland, the responsibility for financing education is shared between the central government and the municipalities. Part of the central government’s contribution is administered by the Ministry of Finance, and part by OKM. Overall, central funds are allocated through block grants, earmarked grants, and special grants for particularly financially disadvantaged municipalities (Borge et al., 2018^[35]).

The funding streams from the two Ministries serve different purposes and adopt different allocation mechanisms, as described below. Municipalities contribute large part of the funding, and their role is defined below more in detail.

Funding managed by the Ministry of Finance

The majority of the central government funding for ECEC and basic education derives from the state contribution for basic municipal services administered by the Ministry of Finance, although this funding does not represent the majority of the funding for ECEC and basic education (National Board of Education, 2021^[36]). This funding is regulated by the Act on State Contributions to Basic Municipal Services (1704/2009) and its amendment (676/2014), which entered into force on 1 January 2015. State funding for basic services in municipalities is allocated through block grants, calculated based on the number of inhabitants in each age group⁹ and the imputed costs per capita rates for each of the groups, as well as additions and supplements based on the circumstances of the municipality. Municipalities have full discretion over the distribution of these funds across basic services, which means that no amount is earmarked for education in single municipalities.

⁹ Age groups: 0-5 years old; 6 years old; 7-12 years old; 13-15 years old; 16-18 years old; 19-64 years old; 65-74 years old; 75 –84 years old; 85 and over.

Differences between municipalities’ conditions led to the development of an **equalisation** system, which accounts for differences in municipalities’ income bases. A first driver is the cost of organising services, which is affected by the population composition of municipalities, both in terms of how much the residents need certain services and by their age structure and illnesses. Moreover, factors such as population density, bilingualism and immigration have an impact on service provision. Secondly, municipalities’ financial conditions for organising services are influenced by the municipality’s revenue bases, which vary consistently. These factors drive the need for an equalisation of resources between municipalities that face more or less expenses in service provision. In the equalisation calculation, the calculated tax revenue per inhabitant of the municipalities is compared to the average calculated tax revenue per inhabitant of the entire country, which is called the **equalisation limit**. If the calculated tax income is lower than the equalisation limit, the municipality receives an **equalisation supplement**. In this case, the municipality’s state share is increased by 80% of the difference between the municipality’s calculated tax income and the equalisation limit. On the other hand, an **equalisation deduction** is made for the municipality’s state shares, if its calculated tax revenues are greater than the equalisation limit. The equalisation reduction is slightly progressive and is at least 30 percent for the part that exceeds the equalisation limit (Finnish Government, 2019^[37]). The municipalities can be granted additional funding based on demographic factors such as citizens’ disabilities, unemployment, foreign-language speaking population, concentration of immigrant population, bilingualism, insularity, remoteness, population density, educational background of the municipality, and Sámi population.

Funding from the Ministry of Finance to municipalities will be changing from 2023, as discussed in Box 1, whereby a number of competence areas will be transferred to welfare counties, leaving education and ECEC services as main responsibilities of the municipalities.

Funding managed by the Ministry of Education and Culture (OKM)

The Ministry of Education and Culture provides block grant funding for ECEC and basic education¹⁰ for activities that are not covered by the age-based state contribution of municipalities administered by the Ministry of Finance. The share of funding administered by the Ministry of Education and Culture is governed by the Act on the Financing of Education and Culture (1705/2009).

The funding of ECEC and primary education managed by the Ministry of Education and Culture covers, among other services, funding for supplementary education, for preparatory education for basic education for immigrants, for pupils with extended compulsory education, funding for education abroad under the Basic Education Act. It also covers discretionary grants for private education providers. With regards to private providers, it should be noted that basic education in Finland is an overwhelmingly publicly dominated school sector, with private schools making up less than 3% of the total basic and general upper secondary schools in Finland (Ministry of Education and Culture, 2017^[17]).

Funding for ECEC and basic education granted by the Ministry of Education and Culture is generally based on the number of pupils and the unit prices per pupil, which are set annually by OKM.

The central allocations are supplemented by various grants offered by the Ministry of Education and Culture. For instance, OKM has offered grants to foster equity, tackle school segregation, expand the offering for students with physical impairments, promote inclusion in ECEC, integrate students from language minorities, and more (Ministry of Education and Culture, 2021^[38]). Indeed, OKM has been offering need-based funding for municipalities, carried out yearly based on grant applications by municipalities.

¹⁰ As this paper focuses on ECEC and basic education in particular, the financing of upper secondary education is not discussed in detail. In sum, central government transfers for upper secondary education are allocated on an imputed basis. They are based on the number of students and a unit price per student. Source: <https://okm.fi/en/financing-of-general-education>, accessed in April 2022.

These grants are linked to characteristics of the area that school operates in, such as unemployment, education levels and population with first language other than Finnish. The new Financing Act for Education and Culture (1705/2009, Section 45) specified and expanded the criteria for granting state subsidies: according to this provision, grants may be awarded for the achievement of educational policy objectives (Pitkänen et al., 2017^[22]). The amount allocated under these grants, and their availability, is a political decision of each government, as the grant-based funding is not a stable part of the funding system. Thus, there is currently no mechanism to ensure continuity of grant-based funding between governments. Grants may exacerbate fluctuations in the revenue of local governments when the transfers are pro-cyclical, meaning that they are increased by governments in times of growth and decreased in times of crises. If this occurs, the mechanism can reinforce pre-existing resource challenges at sub-central levels of administration and make it difficult for them to engage in medium-term planning (OECD, 2017^[39]).

The role of municipalities

Municipalities share the responsibility for organising basic education with the central government. As mentioned, the central government participates in the costs of basic education by providing the state contribution to the organiser of the education in accordance with the Act on the State Contribution of Basic Municipal Services.

The imputed costs for the provision of public services by a municipality are distributed in such a way that the **state** share of the municipalities cost is 25% (aka the *state* contribution) and the **self-financing share** of the municipalities is 75% (Finlex, 2021^[40]). Municipalities raise their share via the tax revenue that they collect. The national equalisation mechanism for state contributions in relation to tax revenue of the municipalities, discussed before, grants an increase in state contribution to less wealthy municipalities and reduces the contributions for wealthier ones.

Municipalities have autonomy in the allocation of funds to schools and ECEC settings in their jurisdiction. Indeed, a key principle of Finland’s state contribution system is that it should abide by the autonomy and the decision-making power of municipalities. For this reason, the state funding is not “earmarked”, meaning that municipalities can decide on the use of the funds, as well as on the allocation criteria to be used (Ministry of Education and Culture, 2021^[41]). This results in a lack of comparable data across municipalities on the proportion of budget that is allocated to education, and of expenditure per student. This causes a challenge in analysing whether expenditure per student across municipalities varies considerably.

To allocate funds, municipalities generally design their own funding formulas for the allocations of resources to schools and ECEC settings, or fund them through lump sum transfers. Funds received from application-based grants provided by OKM, instead, need to be spent by municipalities in accordance with the purpose of the grants.

The next section of the paper proposes some policy pointers for consideration for Finland, with the goal of offering some points of reflection concerning the structure of its financing system. It discusses more in depth some challenges of the current system and possible options to address them and improve equity in financing of the Finnish education system.

2.2. Policy considerations

2.2.1. Consolidating, streamlining and increasing the predictability of the grant system

Context

In Finland, municipalities have been increasingly relying on their own funding, and several have reportedly struggled to cover some of the costs related to education and ECEC, in particular after budget cuts that occurred between 2011 and 2015 (Pitkänen et al., 2017^[22]). This has impacted the education provision,

leading some of them to, for instance, cut back on lesson hours. Moreover, reports suggest that municipalities increasingly depend on ad-hoc grants provided by OKM (Bernelius and Huilla, 2021^[6]). As mentioned, OKM has been offering some grants to various ends, including to increase equity and quality in the system. For municipalities relying on these grants, this has resulted in inconsistent funding across the years. The application processes require an investment in terms of skills and time from municipalities, which many lack. Bernelius and Huilla (2021^[6]) identified problems with this project-based funding in both urban and remote geographical areas. The problems concerned in particular the applications for additional resources that require action from local actors. Especially in small localities, they found that the resources for organising activities may be so scarce that no support is applied for. Overall, applying for additional funding and managing projects was perceived as time-consuming for municipalities: even for municipalities with the internal capacity to apply for grants, the process is time-consuming and can take away from other administrative tasks. Moreover, the application process does not align, at times, with the school-year cycle. This implies that municipalities, schools and ECEC institutions may obtain the funds after the year already started, which affects their planning efforts. For instance, reports refer that hiring additional staff is difficult when funding is difficult to predict, funding decisions are made quickly or funding periods are short. Recruitment processes are often time-consuming and short-term funding does not allow for staff to be taken on board and adequately trained.

OKM acknowledges the need for more long-term and predictable funding. OKM plans to revise its need-based funding system, and to better align the additional grants with municipalities’ needs, while also increasing the predictability of the funding. In doing so, the Ministry’s goal is to allow municipalities to plan on a longer-term basis and foster equity in the country’s educational financing. This is also to address that the limited share of funding of ECEC and education coming from central authorities to municipalities is causing challenges to municipalities, and try to support them within the scope of OKM interventions.

The following policy pointers have been developed to support OKM in its efforts.

Policy pointers for Finland

Funding based on objective criteria should remain as a key principle in grant design

A general principle for an effective funding distribution is to ensure that funds are allocated in a transparent and predictable way (OECD, 2017^[39]) that allows schools and ECEC centres to plan their development for the years ahead. This requires stability in the principles and technical details of the funding distribution system. For this reason, ensuring that the grants provided by OKM are based on objective criteria should remain a key concern for Finland while designing new grants, including those related to the Rtl Programme.

Indeed, reliance on objective criteria can contribute both to long-term activities of the education institutions and to ensuring their commitment towards equity. Objective criteria are elements that are hard or impossible for the recipients to influence (Falch, 2022, unpublished^[42]). For example, catchment areas’ population size, demographic patterns of a municipality, family background of the students, school size and grade composition are hard or impossible for the municipalities to modify or influence, at least in the medium run.

When designing grants, OKM should consider whether the goals of these grants require criteria that are based on subjective parameters, such as specific student characteristics (e.g. special education needs). For instance, this may be required for grants that dedicate funds to specific student groups. If Finland wishes to introduce grants that use subjective information, it will be important that policymakers carefully define the given characteristics, as well as any accompanying criteria to be used. A shared and clear

understanding of the definitions can help prevent unintended consequences or perverse incentives¹¹ from arising. For instance, linking funding to the number of students with SEN could lead education providers to label or diagnose students more often (Ofsted, 2010^[43]). Research has found this happens when financing is directly linked to the number of students with a certain disorder, as in the case of Attention-Deficit/Hyperactivity Disorder (ADHD) (Morrill, 2018^[44]) in certain states of the United States (Bowers and Parrish, 2000^[45]). Overall, international experience reveals a tension between attempts to provide students with specific characteristics with additional funds and resources by building more targeted grants, and the risks that emerge from such financial strategies, such as the stigmatisation of certain groups.

In designing grants related to the Right to Learn Programme - or indeed any future grants - Finland should prioritise objective parameters. Yet, if the grant’s purpose or design requires subjective parameters, the grant should be carefully designed, including the relevant criteria for its allocation, and if formulas are adopted, the relative weights for these criteria. Moreover, the government should consider adopting compensatory mechanisms and be prepared to monitor and, if needed address, the emergence of certain risks (e.g., over- diagnosis or labelling). This can entail for instance a system for balancing vulnerable student groups across different schools, such as by ensuring certain quotas of available spots for vulnerable students in schools.

Prioritising the use of application-based grants for short-term and targeted interventions

While application mechanisms can facilitate targeting of specific needs and accountability, funding based on applications can also lead to uncertainty and inefficiencies for Finnish local authorities. First, filling out applications does not guarantee that a request will be accepted by OKM; thus, municipalities, schools and ECEC settings cannot count on these resources while planning their budgets and activities. This is particularly problematic for those municipalities that are dependent on these funds, such as the ones that reported struggling to fund education provision. Secondly, applications may be processed, decided upon and funds attributed after the start of a school year, as the processing of grant applications can take up to 6 months (Ministry of Education and Culture, n.d.^[46]). This can prevent a municipality or a school/ECEC setting from committing to medium- or long-term expenses. For instance, the OECD has heard that short-term funding from OKM grants is at times used to hire teachers, as recent grants have been earmarked to hire more teachers and teaching assistants for school that needed them. There is a risk that financing teacher hiring based on short-term grants could lead to an increased offering of short-term contracts, which may in turn negatively impact the quality and competence level of the teachers being hired; more experienced and qualified teachers tend to seek more stable employment. Moreover, greater contractual instability could, in the medium to longer term, undermine the status of the teaching profession in the country. This is concerning given that the quality of teachers and teaching has lied at the heart of Finland’s educational success.

Consequently, an application-based grant system is more apt for projects of limited duration and scope, such as targeted pilot projects, or to finance specific investments or innovations. OKM already makes use of targeted and specific short-term funding, developing a rigorous structure for monitoring and evaluation of these grants. For instance, it implemented in 2020 a special grant for a trial for selected municipalities to offer free of charge 20-weeks in ECEC for 5-year-olds in 2020-2021 (Ministry of Education and Culture, n.d.^[47]). This grant is a relevant example of a strong design: it proposed targeted and short-term funding for a policy option to be trialled, which, if found successful, could be later scaled up. Moreover, the grant included specific goals, that would be measured at the end of the experiment, among which the impact on the participation rate of 5-year-olds in ECEC, the cost implications of providing free ECEC, and the effects on parents’ employment. Future application-based grants should align to this model, meaning that their

¹¹ A perverse incentive is an incentive that has an unintended and undesirable result that is contrary to the intentions of its designers.

implementation plan should be developed with a short- to medium-term time horizon and that they should be accompanied by a thorough monitoring and evaluation plan.

Accounting for the alignment between government and municipalities’ goals

While application-based grants can enhance equity in the short-run by providing additional resources to schools that have larger vulnerable populations or to trial programmes or policies, in the medium- and long-term they can create perverse incentives for municipalities to adapt their spending based on these inputs. As rational agents, municipalities will aim to optimise the use of resources in their budgeting processes. An example from Norway, discussing the limitations in the effectiveness of targeted grants for specific purposes (Box 2) shows that alignment between governments goals and actual uses of funding are not to be taken for a given when designing a grant programme.

Box 2. Norway’s experience with the limitations of additional grants

There is a large body of empirical literature that analyses the extent to which local authorities allocate targeted grants according to the intentions or recommendations of the funding authority. While early findings in the area reported that additional grants were to a large extent spent as intended, recent empirical studies identify mixed effects on local authorities’ spending (Brunner, Hyman and Ju, 2020^[48]; Cascio, Gordon and Reber, 2013^[49]; Hyman, 2017^[50]). These studies suggest that this effect may be sensitive to the design and target of the grant, as well as to economic circumstances and institutional settings.

Reiling and colleagues (2021^[51]) provided an analysis on the effectiveness of central government grants on local educational policy, based on a Norwegian programme. In 2015, Norway’s central government provided a grant to the 100 municipalities with higher than average student-teacher ratios for grades 1–4 (ISCED 1). The additional resources aimed to strengthen early intervention and improve student learning, through the hiring of additional teaching staff. However, their research showed that, for the most part, Norwegian municipalities did not increase teacher density in primary schools, despite receiving extra grants for this specific purpose. Though they could not rule out that there was some take-up of the grant in terms of teacher hiring, their results exclude full take-up.

Their conclusions suggest that stronger enforcement mechanisms may be necessary in order for targeted grants to be allocated as intended by the financing authority. However, this may be at the expense of local flexibility.

Key insights for Finland

The Norwegian example shows that municipalities do not always use grants in line with their original purposes and the government’s. Thus, OKM should consider developing strong enforcement mechanisms, such as designing and monitoring indicators/targets to ensure progress, to ensure that the grants they provide are used to meet the goals they set. This could, for instance, entail an expansion of the reporting that municipalities currently have to provide to OKM.

Source: Reiling et al. (2021^[51]), The effect of central government grants on local educational policy, European Journal of Political Economy, <https://doi.org/10.1016/j.ejpoleco.2021.102006>.

In revising the existing funding system, OKM should anticipate municipalities’ potential reactions, in particular those that could be misaligned with or undermine the government’s goals. For example, given that the current plan of need-based funding would privilege municipalities in which there are schools with a low level of resources, municipalities may further reduce the funding to certain schools to increase their

chances of securing such funds. Likewise, if indicators on the immigrant populations were to be used as selection criteria for grant allocation, it is possible that municipalities would have less of an incentive to tackle the issue of segregation in the schools (discussed more in Section 4.). Another concern refers to the fact that municipalities may allocate resources according to their own priorities, which may not match those of the central government. Where possible, OKM should ensure that municipalities’ potential (negative) reactions are accounted for in current and future reforms’ design and implementation plans to prevent any issues from arising.

It is important that such considerations take place throughout the policy process, as anticipatory exercises may not foresee municipalities and stakeholders’ actual reactions. For this to be possible, however, it is important that the funding reform be accompanied by strong evaluation and monitoring (see below).

Consider consolidating targeted grants

As mentioned above, Finland provides a number of grants that target different areas of the education system, in particular through application-based grants offered by OKM. Various grants are established and tenders are launched, routinely, in areas that relate to quality and equity in education, among others. For instance, there are grants to foster equity, tackle school segregation, expand the offering for students with physical impairments, to support COVID-19 responses, promote inclusion in ECEC, integrate students from language minorities, and more (Ministry of Education and Culture, 2021^[38]). These grants serve fundamental goals related to equity and inclusion priorities. Moreover, as mentioned, they have the merit of compensating passed years of financial austerity in education and providing significant sums to municipalities and schools. The Right to Learn Programme has supported this intention by establishing additional grants, to be administered on an application basis. However, having such an extended range of funding options creates a large administrative burden for stakeholders. As mentioned, municipalities have capacity issues that in certain cases can prevent them from following through with the administrative processes. It can also affect the Ministry, as a large number of grants duplicate administrative efforts in the evaluation and selection of bidders, and in the allocation and monitoring of the funds and their use.

Recognising these limitations, OKM intends to put in place procedures that would allow need-based grants to be allocated on an automatic basis, as it suggested to the Parliament in April 2022. By simplifying the selection and allocation procedures, this could help streamline the funding process significantly.

OKM may also consider consolidating the remaining grants it provides into a smaller selection. For instance, bringing together broader grants for equity (or for other broad goals) could simplify the structure of the current grant system. The current Right to Learn Programme reform, and future reforms, could be a chance to review the current list of grants and ensure that future ones are likewise designed in a more consolidated fashion. Such an intervention could reduce administrative costs for both the Ministry and municipalities. It could also streamline government’s efforts towards certain targets: avoiding the overlap of a large number of grant-based programmes could simplify the means and increase leverage to achieve a given goal and facilitate the impact evaluations of the programmes on the relevant goals.

Monitoring the use of the grants

OKM has in place some monitoring mechanisms for the additional grants that it offers to municipalities. For each grant, OKM monitors the effectiveness and appropriateness of the use of grants and the effects of these grants (Ministry of Education and Culture, 2021^[52]). Grant beneficiaries must submit a report on its use, which includes financial and performance reporting. On the basis of these reports, the OKM will determine whether the individual grant was used for the correct purpose and in accordance with the terms of the decision, and will also assess the wider impact of this grant package. If the beneficiary fails to submit a report, the Ministry may decide not to award the beneficiary any new grants. Currently, it appears that reporting of grants’ use does not include specific targets or goals to confirm that funds have been used for the correct purpose, but the evaluation relies on a budget and a narrative report of municipalities. OKM may consider strengthening existing monitoring mechanisms by linking the use of grants to specific

outcomes. Specific goals for the use of the grants could reinforce the monitoring and evaluation of the funds, which in turn can help the Ministry assess whether the grants effectively help the Ministry achieve its goals, or what changes may be required. Moreover, such monitoring mechanisms can be used for the new grants that are being introduced with the Right to Learn Programme, and for eventual future ones.

2.2.2. Accounting for the role of block grants in supporting equitable opportunities

Context

As mentioned in Section 0 the “Sote” reform established that, from the beginning of 2023, the responsibility for providing social, health care and rescue services will be transferred from municipalities and associations of municipalities to 21 welfare services counties (Finnish institute for health and welfare, n.d.^[53]). Consequently, municipalities will be left in charge of few services, among which education. This impending change provides an opportunity for the Finnish government to rethink its education funding system, including the structure of its block grants and the funding formula, to promote equity and quality.

Internationally, there are two common approaches in designing funding mechanisms to recognise different needs across municipalities and/or schools. The first one is the inclusion of additional funding in the main allocation mechanisms for specific schools/students (e.g. by including in the funding formula weightings for certain groups of students); the second is the provision of targeted funding in one or a series of different grants external to the main allocation mechanism (OECD, 2017^[39]). Finland adopts both mechanisms, as it accounts for some population characteristics when computing central allocations, while also providing additional grants to municipalities (discussed in the previous policy consideration).

While targeted grants have advantages (e.g. responsiveness), providing them repeatedly for a certain goal can generate overlap, excessive bureaucracy and sustainability issues for schools. There are, therefore, arguments to reduce transaction costs by limiting the number of targeted programmes and including adjustments for equity within the main funding allocation (OECD, 2021^[54]).

Funding mechanisms, thus, need to strike an equilibrium between the flexibility of using funds locally and ensuring an equitable use of funds to the benefit of vulnerable groups across different local authorities. For instance, allocating funds to specific populations allows better reach of a target group, but this approach does not account for additional challenges caused by segregation or concentration of disadvantage in particular areas. The RtL Programme includes plans to revise some features of the funding system to better steer the education system towards quality and equity. Moreover, while in Finland there is an equalisation mechanism that ensures that less wealthy municipalities receive more funding, differences still remain and some municipalities reportedly struggle to cover the costs of ECEC and schooling (Pitkänen et al., 2017^[22]).

A key concern is to design funding mechanisms that build on different funding methods, that all have their limitations, and ensure that funding is allocated to schools that are most in need of additional resources while preserving the autonomy of municipalities that is at the core of the Finnish system. The following policy pointers introduce some key steps for Finland to consider going beyond its analysis of the grant system and review the central allocation mechanisms.

Policy pointers

Reviewing the foundations of the funding system

The current “Sote” reform could provide Finland with an occasion to re-assess its central funding system, also in relation to ECEC and education financing. Finland should be considering this re-assessment because establishing a clear direction and intent of the funding system can help the central government

support the goals that it aims at achieving. Moreover, as mentioned, it could help address the shortage of funds facing municipalities in relation to basic education and ECEC.

In reviewing the funding system, the Ministry of Finance and OKM could collaborate to:

- *Establish the principles that guide the central allocation of funds:* ensuring a stable and transparent funding system requires stability and clarity in its principles (OECD, 2017^[39]). The central government could reinvestigate the principles that guide its central allocation mechanisms to ensure that they align with goals set by the Government for the state of education and research by 2040 (OKM, 2021^[55]). For instance, the goals of equitable opportunities for learning could be more explicitly recognised as a principle guiding the central allocation system, as to foster greater equity and inclusion within the education system. The central government could also adopt clearer principles for allocating funding through the block grant or through targeted grants.
- *Ensure equal and effective education resourcing for municipalities:* Finland should ensure the effectiveness of the equalisation system for the resourcing of the municipalities in the area of education. The equalisation system embedded in the block grant can be re-assessed to ensure that it still achieves its goals given that there have been important demographic changes and changes in the situations of the municipalities. The equalisation mechanisms also need to ensure that municipalities have the resources to cover the costs of education policies aligned with the central government priorities. For instance, the allocation mechanism needs to consider municipalities’ expenses in providing ECEC services to the population but also the goal to increase participation in ECEC for children from vulnerable groups and could then allocate more funding to municipalities with larger shares of children from these groups (see Section 3.).
- *Ensure that targeted grants are used to complement the block grant* with clear goals and principles (as discussed earlier).
- *Design a stronger monitoring and evaluation system:* having set the principles driving the allocation system and ensured equalisation mechanisms for the municipalities, the government will be in a stronger position to develop an evaluation system. In light of the goals and having organised the system, Finland can determine outcome indicators, and based on this, identify which data would need to be collected and/or is already available. Through enhanced monitoring, the government would be able to ensure that the right to education is equally implemented throughout the country, across different regions and municipalities.

Re-evaluating the funding formulas used for central allocations

The current “Sote” reform provides an occasion for the Government of Finland to re-evaluate its funding system. Given that school education and ECEC will be among the most important municipal responsibilities, after the reform the current formula used by the Ministry of Finance to allocate central funding is expected to be modified, as it currently covers funding for services for all age groups.

If Finland engages in an assessment of its central allocation system and strengthens the foundations of the funding system, it can also evaluate whether its funding formulas respond to the goals and principles it has set. In particular, to update the funding formulas, the Ministry of Finance and OKM could discuss re-evaluating the weight attributed per age group and compensate more extensively for variations in student body composition (e.g., vulnerable population concentrations, differences in more disadvantaged or remote areas). Overall, Finland could consider introducing different factors to the central funding formulas – such as student- or need-based factors -, in addition to the age-based ones. Yet, this should also be reinforced within municipalities’ funding formulas, when allocating funding to individual schools (discussed more in Section 2.2.3.).

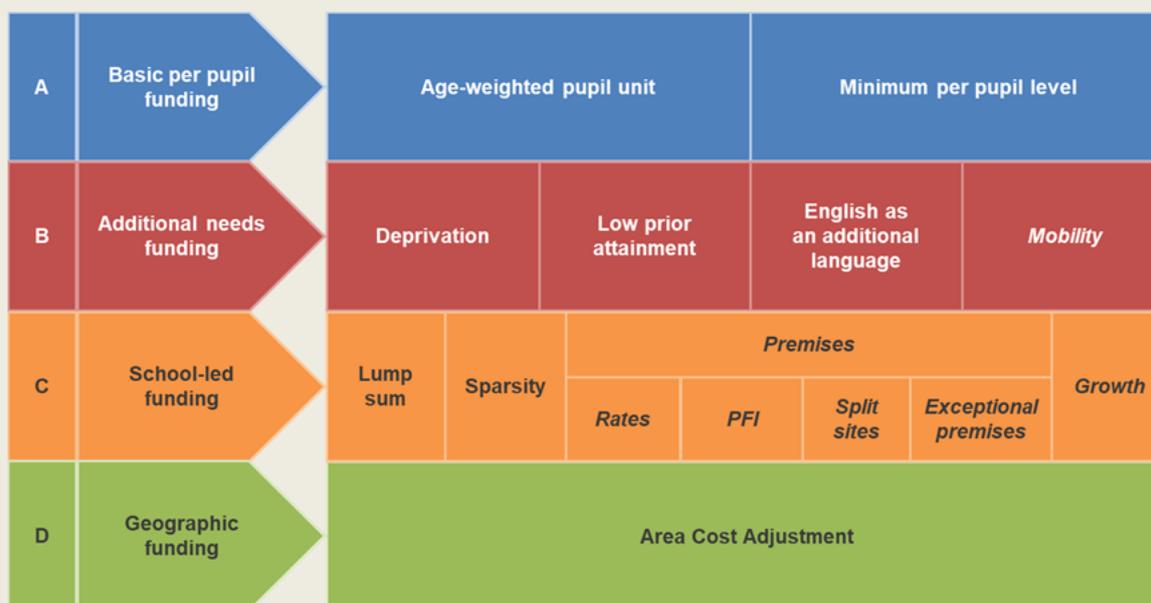
England’s (United Kingdom) 2017 reform of its national funding formula offers an interesting example of how different factors can be incorporated within central funding allocation systems (Box 3).

Box 3. England (United Kingdom): a renewed national funding formula

In 2016, the English government started a review process of its school funding system, with the aim of designing a new national funding formula, that would be fair, transparent, simple, predictable and efficient; provide opportunities; and get more funding to the frontline. To develop such formula, the government launched extensive consultations with relevant stakeholders, as to discuss the details of the formulas, to define the weights to be attributed to each factor, the unit values and to illustrate the impact that these changes in the formulas would have.

The new funding formula considers four factors: basic per pupil funding, additional needs funding, school-led funding and geographic funding (as illustrated in Figure 6). The new formula maximises of the proportion of funding allocated to student-led factors (rows A and B), including a basic amount for every pupil, as well as funding for those with additional needs. The school-led funding (row C) does not vary with pupil numbers, and gives schools (especially small schools) certainty that they will receive a fixed amount each year. It also accounts for the fact that some schools are small and/or remote and do not have the same opportunities to grow or to save resources as other schools. Together with the lump sum, the sparsity factor in the formula is designed to provide important support for these schools. The new national funding formula also reflects some of the costs associated with a school’s premises and overheads. Finally, it reflects the variation in labour market costs across the country (row D).

Figure 6. Factors in the schools national funding formula



Note: Figure 1: This illustrates the factors that will be taken into account when calculating schools block DSG (Dedicated Schools Grant) funding allocations through the national funding formula. It is not designed to scale. Funding for factors in italics will be allocated to local authorities in 2018-19 on the basis of historic spend.

Source: Adapted from Department of Education (2017^[56]), The national funding formula for schools and high needs, <https://www.gov.uk/government/publications/national-funding-formula-for-schools-and-high-needs> (accessed on 31 March 2022).

The government uses the national funding formula to set notional budgets for each school, which are then aggregated and allocated to each local authority. Local authorities then distribute these resources across schools and academies. While the allocation procedures depend on local decisions, the

government also adjusted the rules governing the setting of local formulas so that the national formula is more closely mirrored.

The English example shows that different elements can be taken into account when (re)designing a national funding formula following an explicit choice of principles. Overall, there is a need for establishing which factors are correlated with student underachievement and/or low well-being, and how much municipalities should be compensated for these criteria. This requires specific analysis in Finland, as this varies according to specific system and population characteristics.

A further key element of this reform, which Finland should take into account, is that the English government launched extensive consultations with relevant stakeholders on details of the reform and the new funding formula, to develop a shared tool and to account for different stakeholders’ perspectives and knowledge.

Source: Department of Education (2017^[56]), The national funding formula for schools and high needs, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/648532/national_funding_formula_for_schools_and_high_needs-Policy_document.pdf (accessed on 31 March 2022).

As mentioned before, including the individual characteristics of certain students as parameters for funding formulas may not be feasible in every circumstance, as granular level data is not easily collected. Population proxies could be used to account for certain characteristics, such as the ethnic, immigrant or socio-economic background of the student population.

In addition, if considering student characteristics, Finland should also plan for monitoring mechanisms to counterbalance possible strategic reactions from local authorities, as described in Policy Consideration 2.2.1. . There is no guarantee that the same emphasis on supporting specific groups of students at risk will be followed by all municipalities. However, the increased emphasis in national priorities, explicitly implemented in the Right to Learn Programme and potentially across the general financing system of the country, are likely to trickle down. This will be particularly the case if efforts are made to build stakeholders’ ownership of the reform’s goals, and engage in the development of a shared vision of the reform to ensure that national priorities are followed, as discussed in Section 5.1. .

2.2.3. Supporting municipalities allocate funds equitably

Context

Finnish municipalities face different socio-economic and demographic circumstances, with an increasingly diverse population as the country faces an increased immigration pressure and the aging of its native population. While these trends are common to most municipalities, their extent and growth varies across them, leading to different population compositions between different areas of the country. Moreover, municipalities have different priorities, resources and capacity. Thus, municipalities allocate funding to education, with respect to other sectors that they fund, differently, based on both the resources that they have and their preferences.

These factors make it so that they can allocate funds to schools very differently, which can have important implications for equity and quality in the country. Decentralisation of funding and responsibilities may also incentivise municipalities to attract high-income families by offering some services, which could bias the distribution of funds even further towards children of high-income families – rather than the most in need of additional support (Vermeulen, 2018^[57]).

Such differences in funding may reinforce differences in educational attainment. However, the OECD (2018^[58]) found that there is no statistically significant positive relationship between decentralisation of

funds and inequality in education outcomes. Nordic countries – including Finland – appear relatively equitable in spite of the importance of local funding.

Nevertheless, an evaluation commissioned by OKM has shown that disparities among schools in Finland are growing, with schools in neighbourhoods at risk of urban deprivation reporting lower learning outcomes. This evaluation linked these trends to widening geographical segregation, and increased socio-economic and ethnic differences among neighbourhoods and schools (Bernelius and Huilla, 2021^[6]). The report reveals that schools that report the worst learning outcomes in the country are mainly located in large urban areas and their suburbs. Another relevant finding from this report is that there is greater variation in student outcomes in large cities compared to rural areas.

The central government is already taking important steps to create more equitable and effective funding systems across municipalities, both through the funds and initiatives proposed by the Right to Learn Programme, and by involving municipalities and relevant stakeholders in the design of this programme and other reforms. It is also planning further developments as foreseen in the Education Policy Report (Finnish Government, 2021^[59]).

The following policy pointers suggest a few ways for OKM to guide and support municipalities in adopting equitable financing mechanisms, building on shared competences and collaborative efforts.

Policy pointers for Finland

Offering guidance and support to municipalities

Decentralisation allows ECEC centres, schools and local authorities to respond to local needs, often more effectively and more quickly than the central government could. This autonomy can improve the effectiveness of educational services provisions, although variations occur across municipalities and institutions depending on their priorities and administrative competences. In this context, central authorities have a key role in aligning municipalities’ priorities to those of the central government and in providing support to equalise their competences. Particularly, in highly decentralised systems such as Finland, creating common understanding among all stakeholders is key for policy implementation (OECD, 2019^[60]).

The Ministry can provide information and training, for instance, to even the knowledge base on relevant topics, such as equity or equitable resource allocation mechanisms, across municipalities. Moreover, if the Finnish government were to establish core principles and goals guiding its financing system, it would be key to involve municipalities and other stakeholders in the development of such principles, to ensure that these are shared and adopted (as discussed more extensively in the Conclusions of this analysis). OKM can also provide guidance on how to implement such principles and apply them in the municipalities own policies and resource allocation efforts. Guidance and support can help OKM strengthen the municipalities’ implementation of the Right to Learn Programme according to its goals.

Overall, providing support to municipalities can be key to ensure that the additional funds attributed by OKM for specific goals are used accordingly. This support can take the form of trainings and presentations on how to effectively use funds to achieve equitable distributions of resources, or the provision of brochures and guidelines to inform the municipalities’ work.

Convening municipalities to share experience about funding formulas across municipalities

The OECD Review team has been informed the Finnish municipalities design their own funding mechanisms and funding formulas to attribute funds for their schools, and that they are not obliged to adopt any specific criteria. While some municipalities may need to tackle challenges that others do not encounter, for instance the segregation of certain student groups (read more in Section 4.), general principles for school funding can be shared by various local entities. Generally, the intent of a funding formula for schools is to provide similar learning environment over a municipality jurisdiction and to support vulnerable student

groups in particular. In this context, municipalities could learn from each other regarding an effective and equitable design of school funding formulas. Indeed, regardless of specific political priorities in different municipalities, the sharing of experiences can encourage and facilitate synergies between municipalities, as a way to share and build knowledge. For instance, larger municipalities that have faced specific issues, such as segregation, can share their expertise and discuss solutions that have been implemented over the years or that they are in the process of designing and receive feedback on them. In addition, municipalities located in remote areas tend to share common challenges and discuss solutions that some may have considered or implemented, and build on a shared knowledge base.

OKM can facilitate such efforts and build connections among relevant stakeholders. It can guide and arrange meetings across municipalities, and involve researchers and experts to provide inputs to municipalities. It could also rely on its connection with other countries and provide inputs from different Ministries, local authorities and institutions across the OECD to discuss how they tackled certain issues and solved problems shared by Finnish municipalities.

3. Strengthening equity and quality in ECEC

3.1. Introduction

High-quality early childhood education and care (ECEC) holds tremendous potential for children, families and societies. Participation in ECEC is linked with both short- and long-term benefits that range across domains. In the short term, these benefits include providing children with equitable opportunities to explore their interests and growing capabilities while developing connections to others around them. In addition, ECEC helps ensure children have the skills and confidence to transition smoothly into primary school. In the longer term, participation in ECEC supports well-being across a range of indicators in adulthood, including physical and mental health, educational attainment and employment. Families and society also benefit from ECEC, notably through stronger parental labour market participation, lower costs with healthcare and social benefits, and stronger social bonds (OECD, 2021^[61]).

In Finland, policymakers and other education stakeholders have long recognised the importance of and taken steps to safeguard children’s access to equitable and high-quality ECEC. The country devotes a significant share of resources to ECEC. Moreover, Finnish legislation mandates participation in pre-primary education and ensures the right to universal access to ECEC services. Allowances help parents – and in particular, those with lower incomes – to cover some of the costs associated with participation. A number of policy changes in the 2010s have emphasised the educational side of ECEC, and strengthened evaluation and monitoring processes. Additionally, for the most part, the ECEC sector benefits from a highly qualified workforce (NCEE, 2018^[14]). Despite these achievements, Finland still faces a number of issues. Participation in ECEC remains lower than in other Nordic countries, in particular among children under 3, and reflects socio-economic and regional disparities. Cultural traditions, employment status and education levels influence the types of ECEC services parents choose. Moreover, evidence indicates a significant degree of heterogeneity in the quality of ECEC provision across the country, which disproportionately harms the most vulnerable groups. Differences in resource levels and workforce qualifications across municipalities and setting types seem to contribute to these variations.

To address these challenges, the Finnish government has targets to ensure that “the realisation of educational and cultural rights and the rights of the child as well as the availability and quality of equitable early childhood education and care, pre-primary education (...) will be safeguarded throughout the country” by 2040 (Finnish Government, 2021^[59]). Moreover, the recently launched Right to Learn Programme, which aims to promote children’s learning and well-being and to reverse the rise of inequality, has a specific component focused on ECEC that seeks “to reduce and prevent learning differences arising from children’s socio-economic background, immigrant background or gender, to strengthen and develop learning

support, and to improve literacy” (Ministry of Education and Culture, 2019^[62]). Under this reform, the Finnish government plans to reduce (and later, eliminate) ECEC tuition fees (known as “client fees” in Finland), pilot an experience of making pre-primary education compulsory from age 5, strengthen special education for children in ECEC, reinforce ECEC leaders’ capacity, develop evaluating criteria and digital tools for enhancing quality, among others.

This section contributes to Finland’s national debate by offering a set of policy considerations. Four key policy considerations were selected based on their relevance to particular policy challenges and the Finnish context. The first two focus on how the Right to Learn Programme’s envisaged initiatives might be strengthened. The second half of this section focuses on policy levers that have been overlooked in current policy debates (e.g. childcare allowances), but which will be critical to achieve the country’s goals.

3.2. Policy considerations

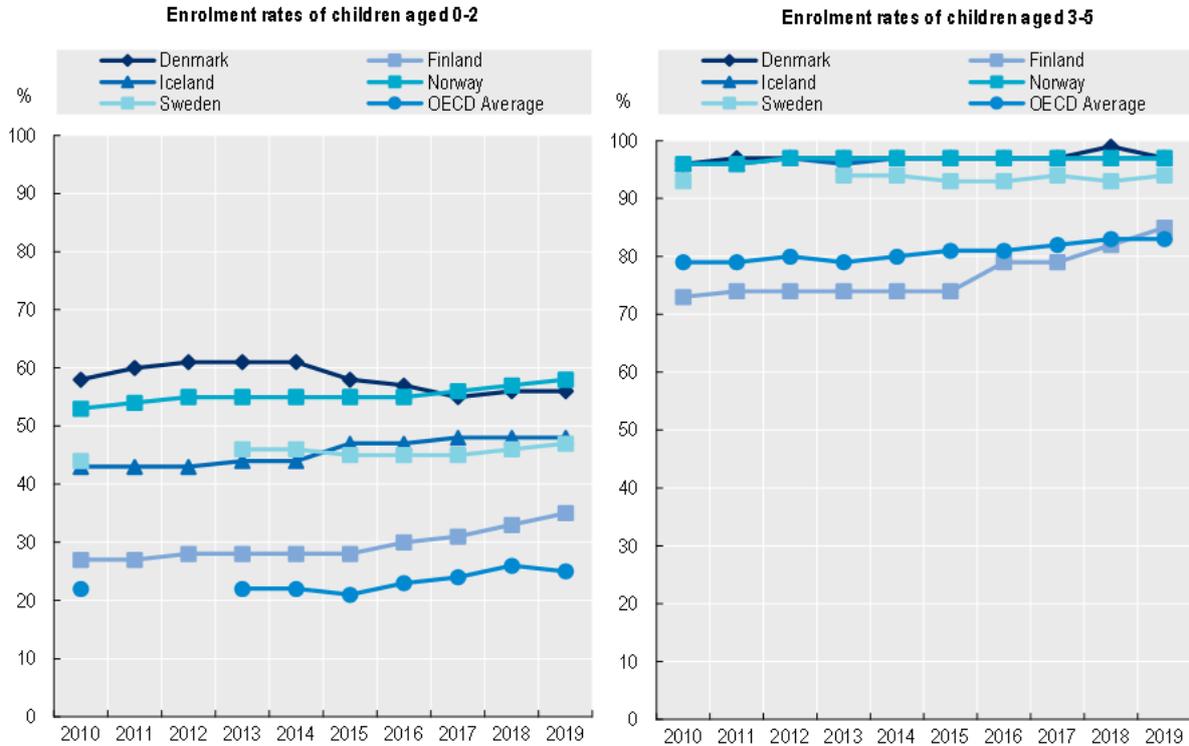
3.2.1. Leveraging needs-based funding mechanisms to encourage expansion of ECEC

Context

While enrolment rates have increased significantly in recent years, and are now in line with the OECD average, Finland’s ECEC participation levels remain the lowest among the Nordic countries. In 2019, only 35% of children under age 3 and 85% of children aged 3-to-5 were participating in formal ECEC and/or pre-primary education, much lower than in Iceland or Norway for example (OECD, 2021^[20]) (Figure 7).

Figure 7. Participation in ECEC, 2010-2019

Percentage of young children participating in pre-primary education and ECEC settings, includes full- and part-time participation



Source: OECD Stat (2021^[63]), Enrolment rates by age: Early childhood education and care enrolment, <https://stats.oecd.org/> (accessed on 11 March 2021).

Data also points to wide differences in participation across socio-economic and geographic lines. Data from PISA 2018 showed that socio-economically disadvantaged children in Finland were less likely to have attended pre-primary education, and more likely to have attended it for briefer periods (OECD, 2020^[24]). Likewise, national data suggests that enrolment rates tend to be lower in the Northern and Eastern regions of Finland (THL (Statistics and Indicator Sotkanet.fi), n.d.^[64]), where GDP per capita is below the national average (OECD, 2019^[65]). Such disparities are concerning because access to high-quality ECEC settings, offering developmentally appropriate, stimulating, and language-rich activities and social interactions, can be particularly beneficial for those children from disadvantaged backgrounds (OECD, 2018^[66]).

Finland acknowledges and aims to address this issue; the Right to Learn ECEC programme’s priority is to “create equal conditions for learning paths” by raising participation in ECEC. Plans include, as discussed, making pre-primary education compulsory from age 5 with a pilot in place for 2021-24, which is intended to expand participation of younger children in ECEC. However, prospective initiatives to attract children below the age of three seem less promising. Finland envisages measures to reduce (and ultimately abolish) ECEC fees as a way to encourage parents to enrol their children in ECEC settings. However, given that fees are already subsidised based on parental income and many municipalities already provide children spots entirely free of charge, it is unclear how much of an impact this measure could have. In fact, evidence suggests that cost is not typically considered an obstacle for participation. Instead, the main barriers parents face are low incentives to enrol children at an early age, the lack of accessible places, lack of places nearby, or unsuitable opening hours (OECD, 2020^[9]). Furthermore, current plans do not specify the type of incentive and/or support the national government will offer municipalities and, in particular, municipalities with relatively low tax revenues, to increase ECEC provision in EECs and FDCs. This will be particularly relevant as parental contributions are being phased out.

In the short- and medium-term, Finland could leverage the needs-based funding system/mechanism it plans to roll out (see Section 2. for a full discussion) to support the expansion of ECEC provision, in particular for young children and disadvantaged families.

Policy pointers for Finland

Using needs-based funding’s selection criteria to target resources to municipalities with large percentage of children from vulnerable groups

As discussed in Section 2. , the needs-based funding mechanism being proposed by OKM would allow the central government to direct additional funding to municipalities based on a number of criteria (e.g., employment rates, share of non-native speakers in the population). Moreover, Finland is considering utilising ECEC participation rates as one of these criteria, which would enable the central government to direct extra resources to those municipalities with low ECEC coverage rates and, ultimately, help expand the provision of ECEC.

However, the proposed plan could lead to inefficiencies, assuming that wealthy municipalities with low ECEC enrolment rates would benefit from these resources. There are also risks that the proposed plan could lead, in the medium- to long-run, to municipalities strategising ways in which to obtain a greater level of resources, or to sustain them for longer periods of time. For example, municipalities may purposefully maintain low ECEC provision as a way to be eligible for targeted grants, or alter the way they categorise children in order to obtain additional funding (e.g., over-identifying children from disadvantage backgrounds). Importantly, these types of reactions could go against the reforms’ goals, as observed in the examples discussed.

In order to effectively target those municipalities and students with the greatest needs, OKM might consider undertaking a multi-step selection process similar to the one used in Italy (see Box 4). In the first step, applicant municipalities would be grouped according to their population characteristics. Only those with a high share of children with an immigrant and/or socio-economically disadvantaged backgrounds relative

to the total population (compared to the national average), considered as vulnerable groups, would be selected.

In the second step, among this selection, additional funds would be allocated according to the size of the gap between the municipal and national ECEC coverage rates. Finland could also consider using indicators that focus on specific age groups (e.g., share of children below the age of three enrolled in ECEC settings) or population groups (e.g., proportion of children from disadvantaged backgrounds enrolled in ECEC settings) to allocate resources.

The central government should consider granting additional funds only to those municipalities that have outlined concrete proposals to expand ECEC provision in their application. Additional funds may also be offered to those municipalities with specific plans to strengthen quality (e.g., introducing incentives for staff retention and professionalisation, adoption of inclusive practices) (see Sections 2. And 4.).

The precise mechanisms through which municipalities would be chosen, and the funding allocated should be carefully considered. The criteria and requirements that are put in place could have unintended consequences, which is why it is important that OKM work together with experts and municipal representatives not only to ensure that the procedure is effective and fair, but also to obtain stakeholders’ buy in (see Section 5.).

OKM might consider establishing targets for this policy initiative (e.g., catching up with other Nordic countries’ ECEC enrolment rates for 0-3 year-olds), and potentially a schedule. Given that the effectiveness of targeted grants may drop over time as municipalities adjust their actions, short- or medium-term goals can ensure that policymakers view this as a time-bound initiative.

Box 4. Conditional extra-funding transfers as part of Italy’s National Recovery and Resilience Plan (NRRP)

In 2021, Italy decided to allocate EUR 4.6 billion of its National Recovery and Resilience Plan (*Piano Nazionale di Ripresa e Resilienza*, NRRP) to the ECEC sector. Resources were allocated to municipalities on the basis of a competitive tendering process: municipalities submitted proposals outlining their plans to expand ECEC provision using the extra funding, and the Ministry assesses the proposals. A Ministerial Decree 343/2021 established the evaluation criteria to select the municipalities’ proposals:

- Up to 45 evaluation points depending on the gap between the ECEC coverage rate at the municipal level and the Barcelona European Council target (33%).
- Up to 20 evaluation points depending on the specific type of ECEC service.
- Up to 20 evaluation points depending on the projected increase in coverage rate expected due to the extra-funding, as assessed by the Ministry.
- Up to five evaluation points depending on the specific geographical location of the municipality (e.g., remote rural areas, mountain areas, etc.).

In addition, the Ministerial Decree 343/2021 defined the criteria used to allocate national funding to the regional level (NUTS2), namely (i) the gap between the municipal ECEC coverage and the average national coverage rate (75% of resources are allocated on the basis of this indicator), and (ii) of the share of 0-2 year-old children in the population (25% of resources are allocated on this basis).

Key insights for Finland

Evaluation criteria to assign funding should be based on a mix of indicators. Introducing indicators on population characteristics and on ECEC coverage rates to target additional funds can support Finland’s

efforts to enhance access and equity. Moreover, the adoption of a specific framework can not only help guide the allocation of resources, but also ensure that stakeholders are aware of the national government’s requirements and rationale.

Source: Government of Italy (n.d.^[67]), Piano Nazionale di Ripresa e Resilienza (National Recovery and Resilience Plan), <https://pnrr.istruzione.it/> [accessed online 02 March 2022] and Morabito and Pavolini (2022, unpublished^[68]), Policy note - Expanding participation and strengthening quality in ECEC - OECD’s Policy Perspective on Finland’s Right to Learn Programme.

Monitoring the impact of needs-based funding on ECEC participation rates

If the policy consideration above is taken forward, OKM should closely monitor the impact of needs-based funding on enrolment rates (and uptake of other care options).

In order to monitor the impact of needs-based funding, Finland should take further steps to triangulate data from different government sources, including the national data warehouse for early childhood education and care (*Varhaiskasvatuksen tietovaranto, VARDA*), the Finnish Education Evaluation Centre (*Kansallinen koulutuksen arviointikeskus, FINEEC*), data on child and parental care allowance, and other territorial statistics. Disaggregated data at the micro-territorial and metropolitan levels will also be important.

Moreover, once the precise mechanisms to select and allocate resources have been defined, it is possible that additional information will be required. Such needs should be addressed by data collection agencies (see Section 5.).

The evidence collected – relative to the targets and timeline that OKM would have previously established (see above) - can be used to identify particularly effective initiatives, as well as remaining gaps and emerging issues (e.g. it is possible that some municipalities resort to the private sector to expand provision). It is critical that the national government be prepared to intervene if needed.

3.2.2. Building responsive and high-quality ECEC systems

Context

Strengthening the quality of ECEC is not only important from the perspective of children already participating in ECEC, but also as a way to demonstrate the benefits of ECEC to those who are not, and in doing so, convince parents to enrol their children in the system.

The research has identified some core dimensions of quality (OECD, 2021^[61]; Edwards, 2021^[69]; OECD, 2018^[66]; Melhuish et al., 2015^[70]). This includes aspects of structural quality, such as child-staff ratios, group sizes, the physical size of settings, curriculum frameworks and minimum staff qualifications (OECD, 2018^[66]; Burchinal et al., 2015^[71]; Pianta, Downer and Hamre, 2016^[72]). While they create enabling conditions, factors that shape children’s daily interactions through their ECEC settings, including with other children, staff and teachers, space and materials, their families and the wider community are what promote children’s development, learning and well-being. Together, these interactions are known as process quality (OECD, 2021^[61]).

Finland has many of the necessary conditions in place to support structural and process quality in ECEC. It has standards and regulations that help ensure minimum quality levels across the ECEC system, including for factors related to process quality. Different modalities of evaluation – including external and self-evaluation – help promote transparency and accountability in the system, as well as a culture of self-

improvement. Moreover, for the most part, Finland’s ECEC workforce has advanced academic and professional qualifications, as well as access to professional learning opportunities.

Nevertheless, significant challenges remain. Disparities in terms of municipalities’ capacity and resource levels, and their approaches to evaluation create variation in the quality of provision across the country. Differences with regards to staff requirements – both in terms of the profile and qualifications of the staff – among ECEC settings also raise concerns. Furthermore, evidence suggests that disadvantaged ECEC settings often struggle to hire and maintain qualified staff, and that staff are not always sufficiently prepared to adapt their practices to children’s needs.

To address these concerns, the RtL Programme aims to strengthen the quality of Finland’s ECEC provision. Proposed plans include investing in leaders’ and teachers’ continuous professional learning, developing a digital quality assessment system, among others. This sub-section identifies three key policy pointers that can help ensure that envisaged measures are successful in raising the quality of ECEC in Finland and, in turn, encourage greater demand for ECEC services.

Policy pointers for Finland

Addressing human resource shortages

Finland’s Right to Learn Programme acknowledges the importance of teachers and staff to raise the quality of ECEC provision. However, measures to strengthen staff’s competences and knowledge may be insufficient or even potentially counterproductive if they are not accompanied by efforts to attract and retain individuals in the profession.

Becoming an ECEC teacher is considered a relatively attractive career in Finland. The country’s generous social provisions and widespread respect for and recognition of the profession (NCEE, 2018^[14]) have contributed to low staff turnover rates; around 90% of trained ECEC staff stay in the profession throughout their career (European Commission, 2020^[73]). However, emerging evidence suggests that the number of applicants to ECEC initial teacher education programmes has been declining in recent years, and that ECEC settings in socio-economically disadvantaged areas are struggling to recruit and retain qualified staff (Bernelius and Huilla, 2021^[6]). Relatively low and flat salary scales for teachers, as well as difficult working conditions and expectations contribute to these shortages. Teachers’ salaries in ECEC are well below those in primary education and only slightly higher than child-carers who have much lower qualifications (a vocational upper secondary qualification compared to a Bachelor’s degree for teachers).

Alternatives that can help address human resource shortages include:

- **Ensuring that ECEC teachers’ salaries are aligned with their qualification, role and responsibilities.** OKM could engage with representatives from the Labour Market Unit and municipalities to discuss the need to raise ECEC teachers’ salaries, reducing the gap vis-à-vis school teachers, to ensure that this career option is more attractive overall. Such discussions should be informed by evidence from those Finnish municipalities that have raised ECEC teachers’ salaries in the past, as well as data on ECEC teacher turnover rates and ECEC initial teacher education programme application rates. The goal of these discussions would be to inform wage negotiation in which the government is not involved.
- **Promoting incentive schemes for ECEC teachers to work in disadvantaged areas.** Many countries have applied financial incentives to attract and retain qualified and experienced teachers in more challenging environments. Results have been mixed, and there is evidence that, in order to be effective, such salary incentives need to be significant (Brussino, 2021^[74]) (OECD, 2019^[75]). In a decentralised system, such as Finland, OKM is unable to directly implement such measures. However, the national government could, in addition to advocating for higher salaries with stakeholders (as discussed above), encourage more municipalities to introduce financial packages to attract teachers and staff to the most vulnerable areas of the country (see examples in Box 5).

For example, the national government could include such considerations in the needs-based funding scheme (e.g., providing additional evaluation points to municipalities that have such schemes, or that are raising teacher salaries) that is being rolled out. Financial incentive schemes require adequate evaluation and monitoring, and the national and local government should ensure that this takes place if they are implemented (OECD, 2019^[75]). As the government has included provisions to hire more teachers and assistants as part of the needs-based funding system, it will be important to ensure that disadvantaged ECEC settings benefit from these additional resources.

- **ECEC centres, and especially those in challenging circumstances, provide attractive conditions for staff to work in.** Research shows that most teachers are highly motivated by the intrinsic benefits of teaching, namely working with children and young people and helping them develop and learn (OECD, 2019^[75]). In this sense, non-financial incentives that support teachers in their work can help address human resource shortages. For example, municipalities could recognise teachers’ and staff’s experience in difficult or remote locations for career development, develop co-operation with primary schools or offer opportunities for staff in these locations to take on extra responsibilities and/or to engage in research and innovation. OKM can offer incentives, similar to those discussed above, to encourage municipalities to take such steps.

Box 5. Strategies to address teacher shortages in disadvantaged areas

Australia

In Australia, the High-Achieving Teachers programme, which began in 2020, provides alternative employment-based pathways into teaching for high-achieving individuals committed to pursuing a teaching career. Over three years, the programme will recruit 440 high-achieving university graduates with the knowledge, skills and experience that schools need. Participants are placed in teaching positions in Australian secondary schools with shortages of teachers. The goal is that students at disadvantaged schools will benefit when high-achieving university graduates, including those with a science, technology, engineering, and/or mathematics degree and those from a regional background, are recruited to teach at their school.

North Winnipeg, Manitoba (Canada)

An ECEC centre in North Winnipeg, which is targeted to children with multiple risk factors and is located at the heart of an impoverished, predominantly Indigenous community, actively recruits and trains local staff, resulting in lower turnover than would otherwise be the case and greater trust between parents and staff.

France

At the national level, France has Priority Education Zones (ZEPs) with special resources aimed at disadvantaged schools. The main objective of the ZEPs is to decrease the differences in academic achievement between students with socio-economically disadvantaged backgrounds and other students. To attract teachers to these schools, the government has introduced various incentives. New teachers starting at ZEP schools are able to draw on a network of education advisors and mentors to support them. Smaller class sizes (no more than 25 students per class) with more time for teamwork, resources for cultural and sports projects with students, and paid consultation time are also meant to attract teachers to these schools. Moreover, teachers earn bonus points for each year that they work at a ZEP school. These are taken into account if teachers apply to move to another school later on. There are also bonus schemes with an annual premium of EUR 1 734 gross for teachers in schools in which 55% of the students belong to the least favoured socio-economic categories, and EUR 2 312

gross for those teachers in schools in which 70% of the students belong to the least favoured socio-economic categories.

Spain

In Spain, a credit system allows teachers working in more disadvantaged and diverse school settings in particular regions to obtain extra credits. These credits can be used to gain promotions, choose to move to another school and obtain a salary increase after six years.

United States

Since the 1999-2000 school years, the State of Washington has awarded salary incentives for National Board Certified Teachers (NBCTs) in high-need schools. Initially set at 15% of salary, the state fixed the bonus at USD 3 500 (about EUR 3 080) per year in 2000 and raised it to USD 5 000 (around EUR 4 400) in 2007. In 2007, Washington also introduced an additional bonus for teachers in high poverty schools. The programme Challenging Schools Bonus (CSB) awards an additional USD 5 000 (EUR 4 400) to NBCTs. Following these changes, the number of NBCTs in Washington rose substantially. During the first year of the new bonus programme, the number of new teachers earning certification increased by 88%. By 2013, the gap in board certification between low- and high poverty schools had not only decreased but reversed.

Key insights for Finland

OECD and partner countries have found different strategies to incentivise teachers to work in disadvantaged areas and settings. Spain has a credit system in place that allows teachers to take advantage of the “points” awarded to them for working in disadvantaged schools to access promotions, salary raises, and reassignments. France and the State of Washington (United States) offer financial (and non-financial in the case of France) incentives to teachers in schools with high rates of students from low-income backgrounds. In Manitoba (Canada), ECEC centres often recruit and train local staff, which can result in lower turnover and greater trust among members of the community. Australia is piloting an initiative to bring in more individuals into the profession by offering alternative pathways. This can be of particular interest to Finland given that there is emerging evidence that the number of ECEC teacher candidates has been declining in the country.

Source: Brussino (2021^[74]), Building Capacity for Inclusive Teaching: Policies and Practices to Prepare All Teachers for Diversity and Inclusion, OECD Education Working Paper No. 256, <https://dx.doi.org/10.1787/57fe6a38-en>; OECD (2022^[76]) Mending the Education Divide: Getting Strong Teachers to the Schools That Need Them Most, TALIS, <https://doi.org/10.1787/92b75874-en>; Cerna et al. (2019^[77]), Strength through diversity’s Spotlight Report for Sweden, <https://doi.org/10.1787/059ce467-en>; OECD (2017^[78]), Promising Practices in Supporting Success for Indigenous Students, <https://doi.org/10.1787/9789264279421-en>.

Promoting inclusive pedagogical practices

By promoting inclusive pedagogical practices, Finland could help improve the quality and accessibility of its ECEC system. Evidence suggests that teachers who employ inclusive pedagogical approaches, adapting practices to the specific needs and interests of children, and acknowledging their identities, beliefs and socio-economic circumstances, can better support children’s learning, development and well-being, particularly for the most vulnerable. The widespread adoption of such practices can also help build safe environments that make children, their families and the wider community feel welcome, understood and accepted (Vandenbroeck, 2017^[79]). Furthermore, evidence suggests that adapting ECEC settings to the needs and preferences of more socio-economically disadvantaged children and families can encourage their participation (OECD, 2020^[80]; Blanden et al., 2016^[81]).

Although Finland’s National Core Curriculum for Early Childhood Education and Care encourages ECEC teachers and educators to adopt a child-centered approach, a study conducted by Paavola and Pesonen (2021^[82]) has revealed that teachers and educators often adopt a one-size-fits-all approach, which overlooks the diversity of perspectives of children and parents.

Even in a system, such as Finland’s, where staff are highly qualified and aware of the importance of adapting practices to children’s needs, stakeholders still require significant support to adopt inclusive practices. Finland might consider the following strategies:

- **Developing and disseminating tools and guidelines to support teachers and staff adopt inclusive practices.** Stakeholders report that ECEC staff often feel unprepared to adapt their practices to children’s needs, or to undertake activities that promote diversity (e.g., using diverse materials). Many are unaccustomed to and inadequately trained for dealing with an increasingly diverse group of children. Resources and tools that illustrate how to implement certain practices in diverse classrooms, or that offer specific guidance for teachers working with children with special needs can be particularly valuable (see Box 6). Many OECD countries, such as Ireland, also offer formal training and mentoring programmes to strengthen teachers’ competence and skills working with diverse group of children (e.g., learning how to identify children’s needs). Finland may consider reviewing its initial teacher education and continuous professional learning offer to ensure that there is adequate and sufficient training in this area.

Box 6. Inclusive practices in ECEC

Head Start Center for Inclusion

Head Start is a programme implemented in the United States across childcare centres, family centres and schools. The programme aims to support the learning and development of socio-economically disadvantaged children aged 0 - 5 by providing a range of services:

- Health and nutrition: such as nutritious meals, health checks and oral and mental health support.
- Supporting stable family relationships and well-being: by providing access to services for mental health, substance abuse, domestic violence and affordable housing.
- Early learning: the programme provides children with opportunities to interact with adults and other children through play and structured learning in ECEC settings.

The Head Start Center for Inclusion offer Head Start teaching staff and parents with evidence-based resources and materials that are meant to increase their competence and effectiveness when working with children with special needs. This includes, for example, tip sheets on how to promote positive behaviour, video examples of instructional strategies (e.g., what a teacher should do if a child responds incorrectly or makes a mistake), professional development modules (e.g., on routines-based assessment and planning), disability guides, among others. All resources are available on the Head Start Center for Inclusion’s website.

Diversity, Equality and Inclusion in Ireland

In 2006, Ireland adopted a National Childcare Strategy which includes an “Inclusion Charter for the Early Years sector” and a “Diversity, Equality and Inclusion Guidelines”. The charter commits personnel working on ECEC, from policy makers to practitioners to “embrace, promote, and embed principles of inclusion in policies and everyday practices”. The guidelines enable policy makers, administrative staff, educators, practitioners to understand concepts of equality and inclusion while helping them to reflect on how to confront discrimination, and the importance of this process for childcare services.

Building on this approach, Ireland has introduced the Early Childhood Care and Education (ECCE) programme, which provides all children with access to free pre-school 3 hours per day. As part of this programme, the Access and Inclusion Model (AIM) supports ECEC settings deliver an inclusive experience for all children. The AIM offers different levels of universal and targeted support for children in ECCE rooms for centres in response to children’s needs and the specific pre-school context. Support offered includes: training programmes to ECEC staff to help them identify children’s needs, mentoring from specialists, specialised equipment and funding for additional assistance where needed. This programme is a child-centred model designed to enable full participation in ECEC for children with special education needs or disabilities.

Key insights for Finland

Given evidence that many Finnish ECEC teachers and other staff feel unprepared to support children from diverse backgrounds and with special education needs, OKM could consider expanding the offer of resources and training. Examples discussed above provide an indication of the types of tools and programmes that could be developed. Teacher surveys and consultations can also be used to collect information of teachers’ and other staff’ specific needs and sector gaps.

Source: OECD (2021^[83]), *Strengthening Early Childhood Education and Care in Ireland: Review on Sector Quality*, OECD Publishing, Paris, <https://doi.org/10.1787/72fab7d1-en>; Head Start Center for Inclusion (n.d.^[84]), Official webpage, <https://headstartinclusion.org/> (accessed on 3 May 2022), OECD (2020^[85]), *Early childhood education: equity, quality and transitions*, <https://www.oecd.org/education/school/early-childhood-education-equity-quality-transitions-G20.pdf> (accessed on 3 May 2022).

- **Strengthening art education.** Even though it is one of the key pillars of the Finnish National Core Curriculum for Early Childhood Education and Care, activities involving arts and art-based methods (e.g. music) are only carried out sporadically in ECEC settings; in only about one-third of ECEC centres, teachers reported undertaking artistic activities monthly, and approximately 10% of the staff affirmed that no such activities were offered (Juutinen et al., 2021^[86]). This is a missed opportunity for the sector. Arts education has been shown to encourage children’s expression and development, help teachers visualise learning in ways that are accessible to parents including those with lower educational attainment and language barriers, allow for learning activities that can more easily embed diversity considerations, and promote the active participation of parents and the wider community (see Box 7). The latter is particularly valuable; having parents and members of the community contribute to activities by bringing in their knowledge and experiences (i.e., from their professional and academic careers/paths as well as their culture and traditions) can raise their self-worth and allow them to see their role as co-educators. Additionally, it can help strengthen stakeholders’ sense of belonging with regards to ECEC settings and, in turn, the value they see in these services.

Box 7. The Reggio Emilia Approach (Italy)

The Reggio Emilia Approach is an educational philosophy, firstly adopted in the public ECEC sector in Reggio Emilia in the 1960s, that is committed to building conditions for learning that enhance and facilitate children’s development “through the synthesis of all the expressive, communicative and cognitive languages”; under this approach, every child is believed to have “one hundred languages” to explore, understand, learn, think, express, and relate to others and the world.

Within this philosophy, children are perceived as subjects and as competent, active learners who are continuously building and testing theories about themselves and about the world around them. Knowledge-building is better deployed through “*progettazioni*” (*projects* in English) co-constructed between children, educators and very often parents. Moreover, knowledge-building is more effective when it is inspired by living events and the surrounding environments, rather than following pre-defined learning standards and programmes.

The inclusiveness of the approach is ensured by the adaptation of learning projects and activities to children’s needs and the contexts - natural, social and cultural - in which they are raised. The role of the teacher and educator, in this respect, is to support children in formulating hypotheses and activities and to involve parents and communities. This active dialogue between all these actors helps embed diversity in ECEC processes.

Art is an integral part of the project, and it is employed as a mean towards inclusion in the Reggio Emilia Approach. As a result, staff of ECEC settings often include an “*atelierista*”, a highly trained educator in the visual arts, who support the design, planning of learning in the form of experiences. Diverse arts techniques are proposed to facilitate children’s expression, as well as co-operation and interactions, and in doing so, help encourage the development of a number of cognitive, socio-emotional and physical competences.

Key insights for Finland

As discussed, art education can encourage learning, foster inclusion and support stronger links between ECEC settings, families and the wider community. The Reggio Emilia example showcases the importance of designing and undertaking activities in close co-operation with children’s parents and the wider community. Moreover, it highlights the need for highly qualified staff to be leading this type of work.

Source: OECD (2004^[87]), Five curriculum outlines - Starting Strong - Curricula and Pedagogies in Early Childhood Education and Care, <https://www.oecd.org/education/school/31672150.pdf>.

Embedding inclusive and diversity principles in Finland’s evaluation practices

Finland’s monitoring and evaluation system for ECEC combines different modalities. FINEEC conducts national evaluations – often with a specific thematic focus – with the aim of enhancing and steering the system. At the local level, Regional State Administrative Agencies (*aluehallintovirasto*, AVIs) and municipalities audit the quality of provision (FINEEC, 2019^[88]). In turn, ECEC providers (both public and private) are expected to conduct self-evaluations. Stakeholders have a high degree of flexibility with regards to how they undertake such evaluations, and perhaps more importantly, different levels of capacity and resources to undertake meaningful (self-)evaluations and to make the most of their results. To guide and support stakeholders in these processes, FINEEC and OKM are currently rolling out a digital evaluation system, which will offer a number of tools and resources. The instruments have been successfully piloted – primarily in EECs – and are expected to be fully introduced in 2024. There are plans

to adapt tools for FDCs. These are promising developments, in particular given evidence that nearly one in three providers did not carry out effective self-evaluation and that many settings rely on quality management tools that are not tailored to the ECEC sector needs (FINEEC, 2021^[89]).

This is an opportune moment to give greater prominence to equity and diversity considerations in Finland’s evaluation system. For example, Finland may consider:

- **Introducing quality standards that promote and embrace diversity and inclusion.** At present, Finland’s ECEC quality standards encourage staff to have “positive, caring, and gentle” interaction with children “in a manner compatible with the children’s development, interests and learning capabilities” and by using “as rich and diverse (language) as possible taking the children’s age and level of development into account”. In addition, daily routines, such as “meals, rest periods, transitions, dressing and other basic activities are (meant to be) carried out with pedagogical goals in mind”; and the learning environment is supposed to encourage “children to play, be physically active, explore, create and express” (FINEEC, 2019^[90]). However, there are no explicit references to diversity or inclusion in Finland’s ECEC quality standards (FINEEC, 2019^[90]). Given the challenges discussed, Finland may consider revising existing standards to ensure that diversity and inclusion considerations are better reflected. This can help promote inclusion in centres’ learning material (e.g. posters, books, toys) as well as in the types of practices that staff undertake.
- **Specifying how to assess the effective implementation of certain quality indicators.** For example, while indicators note that parents’ participation in “planning, carrying out and evaluating early childhood education and care activities (should be) enabled”, there is no guidance on how they can be actively involved in ECEC settings’ educational projects, in particular in diverse settings, or how to assess the effective implementation of this criterion. FINEEC might consider offering additional guidance to stakeholders to encourage them to follow-up with concrete actions related to these indicators to steer ECEC provision towards more quality and equity.

Box 8. Inclusive evaluation tools in Berlin (Germany)

Berlin’s Early Years Bridging Diversity programme aims at integrating principles of equality, diversity and inclusion within the ECEC curriculum, and within staff’s practices and interactions with children, colleagues and parents. In order to do so, the programme provides staff with detailed criteria of how to work with children and other colleagues, including for example:

- Focus Area - Quality of Interaction: pedagogical methodological tasks
 - B2 - Daily routines provide children with diverse learning experiences.
 - B2.1- Early childhood professionals understand children’s different needs and support their individual development
 - B2.1.5 - They make sure that children’s various languages and dialects are represented as part of daily life
 - B2.1.7 - They expand children’s range of experience by questioning one-sided views of gender roles, ways of life, ethnic origin and people’s specific characteristics
 - B2.1.8 - They support children in developing a gender identity
 - B2.2.3 - They make sure that children with disabilities or impairments can participate equally in the daily life of the community
 - B3 – Early childhood professional enable the imagination and creative energy of all children to reign free

- B3.1.6 - They offer attractive, non-gendered options to boys or girls who tend to play games that are typical for their gender.
- B3.3 - Early childhood professionals recognise the exclusion of children and take an active stance against it.
- B5 – The layout of indoor and outdoor spaces provides diverse opportunities for *Bildung* (education, in a literal translation)
 - B5.2.12 - They make sure that children with severe disabilities or multiple disabilities also have access to motivating materials, devices and media that reflect their interests and promote their independence
- B6 Early childhood professionals integrate children with disabilities and cooperate with services for early intervention.
 - B6.1 - They develop a basic understanding of safeguarding every child’s dignity as well as an open attitude towards a child’s individual situation and family.

These standards are further broken down. Moreover, they are accompanied by guidelines and material that supports staff during their self-assessment. Interestingly, there is an expectation that all ECEC staff – including those working directly with children as well as auxiliary staff - take part in the self-assessment process.

Key insights for Finland

Given that diversity and inclusion are key aspects of quality, they should feature more prominently in evaluation and self-evaluation processes. Berlin’s “Bridging Diversity” programme conceives quality, and particularly process quality, entirely in terms of inclusiveness. Quality criteria and indicators reflect this, and integrate the concepts of diversity and inclusion throughout.

Self-evaluation processes includes the participation of a wider range of stakeholders, including children and parents. This is particularly valuable to ensure that different perspectives are taken into account.

Source: BeKi (n.d.^[91]), Berliner Kita-Institut für Qualitätsentwicklung (Berlin Institute for Quality Development in the Early Years), accessed on 11 March 2022, <https://beki-qualitaet.de/materialien-und-forschungsberichte-uebersicht>; BeKi (2020^[92]), Materials for conducting internal evaluations in accordance with the requirements set out in Bridging Diversity, https://beki-qualitaet.de/media/pages/materialien-und-forschungsberichte-uebersicht/materialien-und-forschungsberichte/066a92b248-1627461292/ie-material_engl_internal-evaluation_bridging_diversity_web_version_sept_2020.pdf (accessed on 11 March 2022).

3.2.3. Reviewing childcare allowances to encourage greater participation in ECEC

Context

ECEC services (like all other levels of education) are funded by public and private sources, mainly tuition fees¹² (called client fees) paid by parents. Private expenditure cover around 8% of total spending in ECEC (after public to private transfers), among the lowest in OECD (18% on average across the OECD) but higher than for other education levels (OECD, 2021^[20]). For the most part, ECEC fees are relatively low¹³

¹² Public pre-primary education is free for all children aged six years old. However, given that pre-primary education is only available part time (20 hours per week), those who enrol their children in ECEC programmes afterwards must pay a fee.

¹³ The state enforces a maximum fee of EUR 288 per month for full-day provision (NCEE, 2018^[14]). There is no local variation because the legislation sets the client fees in public provision. The fee is dependent on family income, size and the time spent in ECEC. In private ECEC there can be variation and the fees are not regulated.

– although they are higher in private settings (NCEE, 2018^[14]) - and are typically means-based, meaning that they depend on the family’s size, income and time spent in ECEC. Moreover, the Finnish government offers subsidies to help families fund their children’s participation in ECEC, which come in addition to the universal child benefit provided to all families with children under the age of 17 (Kela, n.d.^[93]) (see Table 1). The private day care allowance offers parents who place their children in private ECEC an allowance, and low-income families receive additional supplements (NCEE, 2018^[14]; Kela, n.d.^[94]).

As previously discussed, parents who care for a child up to three years old at home are supported by a homecare allowance. This is a flat-rate allowance, and parents are also eligible for a supplement depending on the size of their family and income. In addition, around one in five municipalities offer additional supplements (Lahtinen and Svartsjö, 2020^[95]). This is a strategy municipalities use to limit expenditure on ECEC provision; homecare supplements are much less costly for municipal governments than covering the costs of children’s participation in ECEC settings (OECD, 2020^[9]). Even more concerning is the fact that certain municipalities attach unlawful requirements to these benefits. For example, in municipalities offering supplements, parents with multiple children under school age are often required to take care of all their children at home in order to access the municipal supplement. In practice, this prevents them from taking care of the youngest(s) at home and enrolling their oldest(s) in an EEC or a FDC, although according to Finnish legislation this would be within their legal rights.

Although homecare take up has been decreasing in recent years (THL (Statistics and Indicator Sotkanet.fi), n.d.^[64]), the majority of mothers still choose to take care of their child at home on homecare allowance; 70% of all children under three are cared for at home (OECD, 2020^[9]). According to Alasuutari and Paananen (2021^[96]), this is because caring for young children remains the cultural norm in the country. Evidence also suggests that low-income or immigrant families are more likely to choose this alternative (NCEE, 2018^[14]). This is concerning given that children from such backgrounds would benefit the most from high-quality ECEC.

Table 1. Financial allowances provided to parents

	What is it?	Who can request?	Who provides it?	Monthly amount (in euros)	Supplements	Other requirements and conditions
Child benefit	A monthly tax-free child benefit scheme established in 1948 which is provided regardless of income and with no restrictions on its use.	Parents of all children under 17 can request the allowance	KELA	EUR 94.88	EUR 104.84 for the second child, EUR 133.79 for the third child, EUR 153.24 for the fourth child, and EUR 172.69 for the fifth and any additional child.	Single parents get an increase, which is EUR 53.30 per child per month.
Homecare allowance	A flat-rate allowance paid to support parents who are using their right to take unpaid leave from work.	Parents with at least one child under the age of 3	KELA	EUR 338.34	Income-based childcare supplement available for low-income families (up to EUR 181.07). Municipalities can also offer additional supplements (typically around EUR 75-350 for children under age 3 and EUR 40-350 for a sibling under school age).	Child homecare allowance is not available if the child is in public ECEC.
Private day care allowance	Private day care allowance can be granted if the child is cared for by a carer paid by the family or by a private ECEC provider.	Parents who choose to place their children in private ECEC provision	KELA	The amount of the care allowance can be either EUR 172.25 per month or EUR 63.38 per month depending on the time spent in the service.	A care supplement of up to EUR 144.85 per month may be available depending on the parents' income.	The child must be under school age.

Source: Kela (2019^[97]), Benefits for families with children - Family benefits and assistance for families with sick children, Access on 11 March 2022, https://www.kela.fi/documents/10180/3571044/Koti+ja+perhe_esite_en_Kela.pdf.

As part of current reforms, the Finnish government is re-thinking ECEC funding quite considerably to encourage higher levels of participation. Notably, the government plans to include a provision on need-based funding in the Act on the Financing of Education and Culture. Parental fees have been reduced and will, in the long term, be abolished (Valtioneuvosto, 2021^[98])¹⁴. However, national evidence suggests that the costs related to and affordability of ECEC may not be the main barriers to participation (OECD, 2020^[80]). Other factors such as ECEC availability, cultural norms, parents' labour market prospects and the availability of homecare allowances seem to be more explanatory of Finland's low ECEC enrolment rates (OECD, 2020^[9]) – in particular with respect to children from socio-economically disadvantaged backgrounds. This analysis argues that if Finland is to achieve its goals, it will be crucial to give greater consideration to such matters.

Policy pointers for Finland

Advocating for the reduction (or abolition) of the homecare allowance

¹⁴ An experiment on providing five-year-olds with free of charge early childhood education and care (ECEC) was launched by the Government for the period 2018–2021. The experiment was first due to last only one year, but it was prolonged for one year and then again for a third year.

The OECD Economic Survey of Finland (OECD, 2020^[9]) finds that the homecare allowance encourages mothers not to enrol their children in ECEC, and is also a strong disincentive for mothers and second-earners with children to work. As a result, the Survey strongly recommends that Finland reduce the homecare allowance. Reducing the homecare allowance will not only boost labour force participation among mothers of young children but also reduce the gender wage gap. However, it might have an adverse effect on public finances in the short term because the associated increases in expenditure on ECEC services and unemployment benefits for low-skilled mothers returning to the labour force would more than offset the savings on homecare allowances (OECD, 2020^[9]). Moreover, some households close to the poverty threshold might fall below the poverty line as a result of a significant reduction of the homecare allowance, which includes a means-tested element. To address this issue, the OECD Economic Survey of Finland suggests that the country should compensate for the income loss with alternative transfers that are not conditional on homecare.

While the homecare allowance is not under OKM’s purview, the Ministry considers that it should not restrict the child’s right to participate in ECEC and could therefore advocate for its reduction (or abolition). Evidence of the homecare’s negative impact on ECEC participation rates can be used as an argument against the allowance.

Progressively reforming the homecare allowance

To minimise the impact of the homecare allowance on children’s development and learning, Finland could consider a few alternatives. First and foremost, Finland should enforce children’s rights to access ECEC as well as the principle of parental choice on which the Finnish ECEC system is based. This would mean, for instance, prohibiting municipalities from limiting families’ ability to enrol their children in ECEC settings through formal or informal requirements or conditions associated with municipalities’ homecare supplements. Second, Finland should consider adapting its parental allowances to encourage greater participation in ECEC programmes. For example, Finland could explore introducing a “non-conflict clause” that would allow parents who take care of their children at home to enrol their child(ren) in ECEC setting or programme while retaining the homecare allowance. Children could participate in ECEC programmes part-time or for a limited number of hours. This option can benefit children and parents, without undermining parental choice (Leadbeater, 2006^[99]).

Finland should consider piloting such initiatives in different regions of the country before rolling them out. Rigorous evaluation of the pilot initiatives would provide key information on their feasibility and effectiveness, which would enable policymakers to make any necessary adjustments.

In the meantime, it is important that the Ministry work together with municipalities to ensure that the ECEC system is ready to cope with the increase in demand that would follow from these reforms. In addition to sufficient places in ECEC settings, it will be key that EECs and FDCs be conveniently located and offer suitable opening hours of high-quality ECEC. This will also help address some of the remaining obstacles to ECEC.

3.2.4. Using family support services to raise awareness of the importance of ECEC

Context

In a context of economic and social hardship related to the COVID-19 pandemic, OECD countries have shown a renewed interest in family support services. An important component of social policy, these services aim to ensure that families have the resources and competencies to provide children with the best start in life and meet their needs as they grow and develop (Riding et al., 2021^[100]; Acquah and Thévenon, 2020^[101]). Family support services vary from country to country. Frequently, however, there is a group of services that is available to all families, while a range of services is offered to families with specific or complex needs. Across OECD countries, supports to address the needs of families often include health

care and mental health services, child protection, basic material resources, such as food and housing, and specialised services for vulnerable families (Riding et al., 2021^[100]; Acquah and Thévenon, 2020^[101]).

Finland has robust family support measures in place. In addition to the cash payments and subsidies discussed above, families are entitled to free and public prenatal, perinatal and postnatal services offered by health clinics. In addition, parenting and family counselling is provided in written and digital formats, where families receive advice on nutrition and family development. According to (NCEE, 2018^[14]), “these services are used by nearly all children and families”.

Until recently, family services were mainly funded and operationalised by local authorities (Riding et al., 2021^[100]). However, under the reform of health and social services undertaken by the Government of Finland, the responsibility for organising family support services will be transferred from municipalities to self-governing regional counties from 2023. Moreover, additional reforms are envisaged to strengthen Finland’s family support policies. Under the Right to Learn Programme, Finland aims to establish “a multi-professional, evidence-based and multi-annual intervention project for maternity and child health clinics aimed at increasing the participation rates in ECEC” (OKM, 2019^[102]). This sub-section argues that Finland can leverage such plans to encourage greater participation in ECEC and offers some policy pointers on the steps needed to achieve this goal.

Policy pointers for Finland

Developing common messages to guide communication

As a first step, the central and local governments should work together to develop a common set of messages to be used by all public officials, programmes and campaigns when presenting ECEC programmes to the wider community. For example, the material that is currently being developed by EDUFI to support staff in health clinics, EECs and FDCs should reflect these messages.

Such messages should be clear and highlight the advantages of children’s participation in ECEC settings – overall, and in particular over homecare – in terms of learning and socio-economic outcomes. In addition, it would be important to highlight children’s and parents’ rights to places in ECEC, given attempts by some municipalities to limit parental choice (see Policy Consideration 3.2.3.). Moreover, findings from the research that has been undertaken by the University of Jyväskylä and the Finnish Institute for Health and Welfare could feed into this exercise. The National Agency for Education plans to develop material for health clinics, family centres and ECEC settings to inform the staff and parents about the importance of ECEC for the development of children as well as material to foster co-operation between ECEC and health clinics.

The adoption of those clear common communication messages could also be set as a requirement for municipalities to receive additional financial resources (see Policy Consideration 3.2.4.).

Upgrading Finland’s outreach network

The new self-governing regional counties could take responsibility for raising awareness on the importance of ECEC. These new bodies will be in direct contact with parents of young children through other activities (e.g. health services), and, as a result, they would be well placed to encourage parents to enrol children in ECEC settings, and to offer them guidance and advice around administrative procedures and choices on offer (see Box 9). The fact that health and social workers will likely have built positive and trusting relationships with parents as well as a good reputation overall may help ensure that outreach to parents is well-received and suggestions taken on board. Moreover, government officials working in these new bodies will have a more accurate understanding of families’ profiles, questions and/or reserve with regards to ECEC, and can therefore adjust their outreach approach – both in terms of the content and format.

Given that families from socio-economically disadvantaged and immigrant backgrounds stand to gain the most from outreach efforts, it is particularly important that staff working in the regional counties have the skills and training needed to support these groups’ specific needs. Finland already has some programmes in place to offer training to personnel who work with clients from diverse backgrounds (e.g., the Federation of Mother and Child Homes and Shelters, and Helsinki’s communal social and health sector branch) (Riding et al., 2021_[100]). It is important that all relevant staff have access to similar opportunities.

If this policy consideration is taken forward, these bodies will need to work closely with ECEC stakeholders, for instance to ensure that guidance around administrative procedure is accurate or to guarantee ECEC placements. This will be a challenge as ECEC remains largely under the responsibility of municipalities. However, building strong and systematic connections between these sectors can be beneficial for all those involved. It is important that as responsibilities shift, the co-operation arrangements and culture that exist (until now across municipal officials) are not lost. Linking information from health and social services with ECEC (and later, schools) can ensure that children’s needs are identified, acknowledged by all relevant stakeholders and appropriately monitored and addressed.

Finland may also as well consider involving community-based organisations in outreach efforts. These organisations often function as cultural mediators, and therefore facilitate the outreach to minority groups (Moore et al., 2012_[103]).

Box 9. Outreach services in Belgium

Kind en Gezin in Flanders (Belgium)

“Kind en Gezin” (*Child and Family*), a programme established by the Flemish Child Family Agency, has established an outreach network, made up of different professionals - including nurses, social workers, psycho-pedagogues and volunteers – either directly employed or affiliated through partnerships. These professionals help raise parental awareness on the importance of vaccination, health and development screenings, participation in ECEC and other social programmes. Professionals also offer parents practical advice on how to access basic public services. Outreach is carried out through universal and regular home and hospital visits, and tele-/virtual consultations. Parents can also access outreach centres for free; these centres are located across the region, according to their population density and accessibility. The programme reaches virtually all (98%) newborns.

Kind en Gezin’s central office supports local branches and professionals undertake outreach services, by providing guidelines, training, and also carrying out monitoring and evaluation, and offering policy advice to the regional government and municipalities.

Tinkerbelle in Ghent (Belgium)

The Tinkerbelle programme run by the City of Ghent showcases a further step in integrating and coordinating services for outreach purposes, although on a smaller scale. The programme consists of two pillars: The first is a registration system that ensures places in childcare are accessible to immigrant and low-income children, and promotes social mixing in childcare centres. The second pillar is an outreach system that enables the municipality to identify high-risk areas, and where the expansion of ECEC places is most needed. Furthermore, the programme aims to raise awareness especially among newcomers regarding the importance of children’s participation in childcare programmes. This pillar relies on a structured coordination between ECEC and social welfare services, as well as on the active support of grassroots organisations (e.g. non-governmental organisations, community-based organisations).

The city also has in place projects such as “ChildrenFirst” and “Bridging to parents” which incorporate the welfare services into the educational system. For instance, with the help of welfare professionals in

disadvantaged neighbourhoods, the “Bridging to Parents” Project maps and identifies socio-economically disadvantaged children, and promotes participation in ECEC services while encouraging positive parenting practices.

Evidence suggests that largely due to the implementation of the Tinkerbelle programme, 38% of vulnerable children were in publicly funded childcare in 2018 in Ghent, a much higher rate than in the rest of the region.

Key insights for Finland

A co-ordinated outreach and data collection system allows high-risk areas and families to be identified, allowing outreach efforts and professionals to be targeted accordingly (e.g., establishing an outreach centre in a high-risk area).

Source: Kind&Gezin (n.d.^[104]), Official webpage, accessed on 2 March 2022, <https://www.kindengezin.be/nl>; Eurocities (2019^[105]), European Pillar of Social Rights – Early childhood education and child welfare in cities in Europe, accessed on 2 March 2022, https://eurocities.eu/wp-content/uploads/2020/08/EUROCITIES_report_EPSR_Early_childhood_education_and_child_welfare.pdf.

4. Equalising education opportunities through strengthening the local school policy

4.1. Introduction

Inequalities of opportunities have developed in Finland over the last years, and the factors underlying such trend are multiple. With growing opportunities for school choice within the public sector, many middle-class Finnish families increasingly avoid schools in neighbourhoods with high shares of students from socio-economically disadvantaged and immigrant backgrounds.

In Finland, Section 28 in Finland’s Basic Education Act (628/1998) outlines the “place of schooling” for all students in the system. This act ensures that municipalities uphold the right of each student to have a place in a neighbourhood school. “Neighbourhood school” means that children are obliged to attend a designated school defined in terms of proximity and local conditions (Varjo, Lundström and Kalalahti, 2018^[106]). Thus, municipalities are authorised to use very different methods to place children in different schools (Seppänen, Rinne and Sairanen, 2012^[107]). The Basic Education Act also enables parents to choose between schools on the grounds of their particular character and curriculum (this possibility to choose is realised usually only in 2nd and 6th grade). Indeed, schools have started offering specialisation in particular subjects in the curriculum or placing an emphasis on a few more general themes (e.g. mathematics, communication, etc). These “classes with a special emphasis” (*painotetun opetuksen ryhmät*), also known as “following an extended curriculum”, function as separate streams within regular municipal schools (Varjo, Lundström and Kalalahti, 2018^[106]). They have more lessons (for instance, in music, sport, science, languages, or creative arts) than the National Core Curriculum requires. In large urban municipalities, 30–40% of pupils are selected for a class with special emphases (Varjo, Kalalahti and Lundahl, 2016^[108]). Students apply for and enter classes with a special emphasis through aptitude testing, which can result in ability grouping. Research evidence suggests that ability grouping can harm the performance of those placed in lower tracks, which is particularly worrying given that they tend to belong to more vulnerable groups and already experience greater barriers in and outside of education (OECD, 2020^[24]).

As a result, educational diversity inside the traditionally homogeneous national curriculum has increased, contributing to the growth of gaps among different students. However, because of the strictly limited

number of private schools, parental choice takes place within the publicly funded and governed comprehensive system (Varjo, Lundström and Kalalahti, 2018_[106]). According to the OECD definition, Finnish private schools are considered *government-dependent private schools*, that is, institutions that receive more than 50% of their funding from government agencies.

The selective character for school classes based on aptitude tests has opened the possibility to families with higher cultural capital to access more privileged tracks and has increased the segmentation within the public comprehensive education system (Kosunen and Seppänen, 2015_[109]). The current situation in Finland finds a socio-economic composition of classes with a special emphasis that consists middle-class families, pointing towards an issue of social segregation within schools (Varjo, Kalalahti and Lundahl, 2016_[108]; Varjo, Lundström and Kalalahti, 2018_[106]), as discussed further below.

Government officials acknowledge these concerns and are adamant that each and every child in Finland needs and deserves the best possible education no matter what school they enrol in; this is the rationale behind OKM’s “closest school is the best school” principle that permeates the Right to Learn Programme. This analysis argues that putting this principle into practice is not only a matter of raising quality overall – although this is clearly a key consideration for the country – but also a matter of tackling socio-spatial inequalities in education. In this respect, this Section offers two policy considerations for Finnish policymakers as they move forward with the design and implementation of the RtL Programme; one that addresses *between* school segregation, and the other that focuses on *within* school disparities.

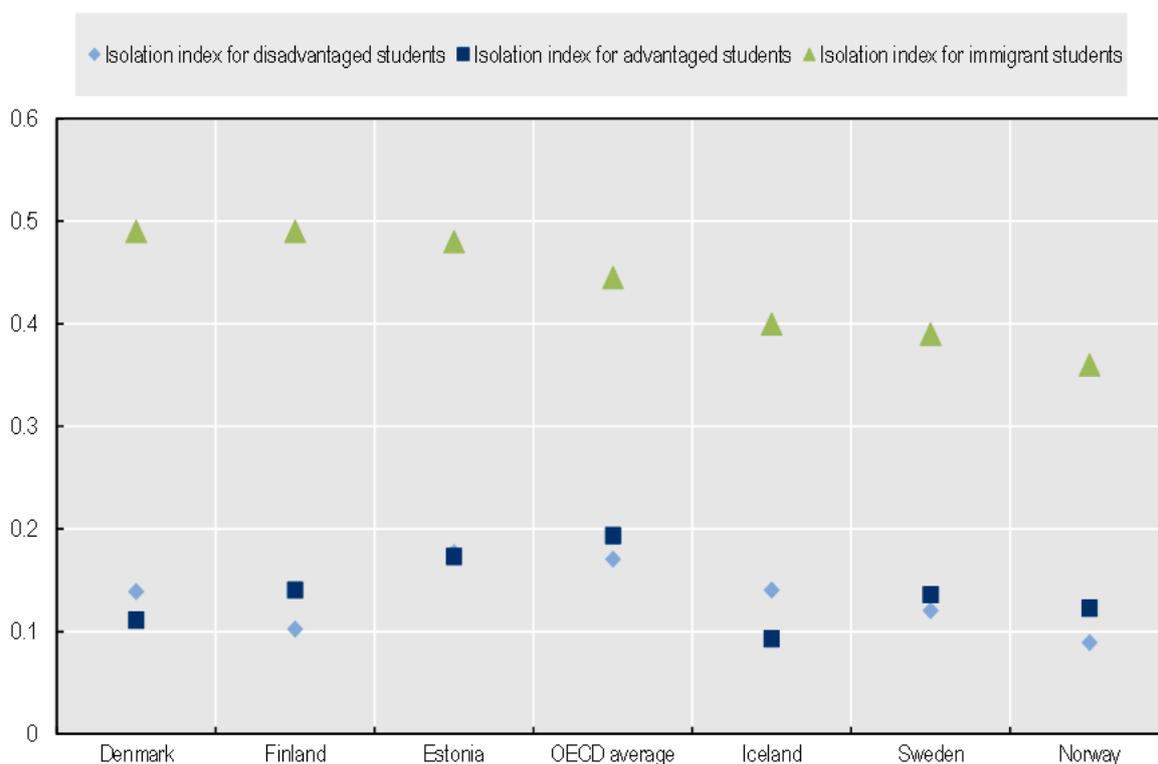
4.2. Policy considerations

4.2.1. Addressing school segregation in Finland

Context

As discussed in Section 0 measures of quality and equity in the Finnish education system have been weakening in recent years, with students from low-income families and immigrant backgrounds falling increasingly behind more advantaged peers. Moreover, indicators suggest that school segregation has been growing (Bernelius and Vaattovaara, 2016_[110]; Peltola, 2020_[111]). In Finland, the isolation index of immigrant students, which indicates the likelihood of students with an immigrant background to be enrolled in schools that enrol both immigrant and non-immigrant students (with 0 corresponding to no segregation and one to full segregation), is 0.49, against an OECD average of 0.45 (OECD, 2019_[30]). This shows that, on average, a student with an immigrant background in Finland is more likely to be segregated from non-immigrant students. In comparison, the isolation index for socio-economically disadvantaged children is 0.10 and the index for advantaged children is 0.14; both lower than the OECD average (0.17 and 0.19 respectively) (Figure 8).

Figure 8. Isolation index, PISA 2018



Note: Countries are ranked in descending order in the isolation index for immigrant students. An index of 0 corresponds to no segregation and of 1 to full segregation.

Source: Adapted from OECD (2019^[30]), PISA 2018 Results (Volume II): Where All Students Can Succeed, PISA, <https://doi.org/10.1787/b5fd1b8f-en>.

The increase in school segregation is partly due to an increase in residential segregation levels, which are in turn a reflection of rising housing prices and growing ethnic isolation (Vaattovaara, M., K. Vilkama, S. Yousfi, H. Dhalmann & T. M. Kauppinen, 2010^[112]). However, the fact that levels of segregation observed between households with children (Kauppinen, van Ham and Bernelius, 2021^[113]) and between schools are considerably more pronounced than overall residential segregation levels – which is also the case in other OECD countries - suggests that there are other phenomena contributing to the growing levels of inequality observed in Finland’s education system.

Notably, evidence suggests that school segregation is closely linked to school choice, which has become a growing reality in Finland (Berisha and Seppänen, 2016^[32]; Bernelius, Huilla and Lobato, 2021^[114]). This has occurred as traditional welfare modes of public services have given way to more market-based systems of provision (Varjo, Kalalahti and Lundahl, 2016^[108]). As mentioned, under Finland’s Basic Education Act (Law 628/1998), municipalities are free to decide on the school allocation mechanisms they will adopt, as long as they ensure that school-age children have access to a place in a neighbourhood school. According to stakeholder reports, in the majority of municipalities, families are granted a certain degree of flexibility, and can apply to other schools other than the ones to which their child(ren) was originally assigned.

In Finland, choice is mainly exerted by middle and upper class families and by those living in urban areas. For the most part, these families seek to avoid low-achieving schools. However, studies indicate that parents’ perception of schools is also affected by their location and socio-economic composition. As a

result, some of the most disadvantaged catchment areas in Helsinki have seen loss or avoidance of native Finnish families (Bernelius and Vilkkama, 2019^[115]). Moreover, research from Sweden suggests that immigrant families often opt for schools with student composition that have a similar ethnic and socio-economic backgrounds as their own (Cerna et al., 2019^[116]); should such behaviours also be taking place in Finland, this would only reinforce the vicious cycle of segregation that is currently underway.

School segregation is concerning for a number of reasons. First, it reduces the interaction of pupils to peers with similar backgrounds. Contact with classmates of other social and cultural origins can help familiarise students with new expectations and motivation (Bonal and Bellei, 2018^[117]; González Motos, 2016^[118]), and increase the social cohesion of communities (Stark, Mäs and Flache, 2015^[119]; González Motos, 2016^[118]). Second, school composition affects educational outcomes. Research suggests that school segregation lowers the academic performance of the whole education system, and in particular those from more vulnerable groups (Benito, Alegre and González-Ballebó, 2014^[120]). In contrast, more integrated schools benefit from a better learning climate, greater support from families and fewer disciplinary problems (Kahlenberg, Potter and Quick, 2019^[121]). Third, school segregation may produce economic losses in the medium- and long-term, through lower private and public earnings, and higher health and social support costs (Billings, Deming and Rockoff, 2013^[122]; Johnson, 2011^[123]). These are particularly worrisome prospects for a country that is already struggling with growing inequalities.

Promoting a more equitable education system will require concerted efforts to halt and revert school segregation trends in the country. This section offers a number of policy pointers that can assist Finland in this regard.

Policy pointers for Finland

Working with municipalities to address school segregation

Efforts to tackle school segregation will depend heavily on municipalities. However, OKM could play a key role in this process; first, by kick-starting discussions on the topic and re-igniting the country’s commitment to high-quality education for all (see an in-depth discussion on this point in Section 5.). Second, by helping municipalities understand their challenges and identify the most promising and relevant policy responses for their specific cases. There are a number of areas that OKM and municipalities could focus on, including:

- **The supply of school places:** The overall number of school places and their distribution in a city or district is a crucial aspect if school segregation is to be reduced in Finland. Policymakers have several instruments to strategically and equitably plan the school supply, including efficient demographic prospective, defining socially balanced school districts or catchment areas, opening or closing schools if necessary or reducing the n of students per class to favour equal distribution of students from socio-economically disadvantaged backgrounds among schools. Planning for late-arrival students (immigrant or refugee students) is another key element to consider in terms of the distribution of school places. This is particularly important for those who do not speak the language of the host country. If a balanced distribution is not planned by education authorities, these students may have to attend to those schools with vacancies, which are usually the least desirable schools that already enrol the highest proportion of socio-economically disadvantaged students or students with an immigrant background. This reproduces a vicious circle whereby at-risk students are concentrated in schools already characterised as having a student population with greater disadvantage.
- **Designing heterogeneous school catchment areas:** School zoning or catchment areas have considerable potential to achieve balanced school enrolment (see examples in Box 10). Available studies show that socially heterogeneous zones can favour equity in students’ distribution (Saporito, 2017^[124]). For this to be achieved, it is crucial that interest groups be prevented from gerrymandering catchment areas (i.e., manipulating the boundaries of the zones to favour themselves). International evidence highlights the need for various factors (e.g., school location,

education demand, size of the municipalities) to be taken into account when establishing school zones to avoid the concentration of socio-economically disadvantaged students.

Box 10. Building heterogeneous school zones

Catalonia (Spain)

Several municipalities in Catalonia (Spain), including the municipality of Terrassa, have reformed their school zoning systems to achieve more balanced enrolment, with a focus on integrating students with special education needs and from immigrant backgrounds. As part of recent changes, public and government-dependent private schools have been merged into the same zoning system. Moreover, to establish increased social heterogeneity within zones, municipalities are adjusting the traditional models of pairing schools and neighbourhoods. To balance supply and demand and to reduce school segregation municipalities may establish ‘exceptional areas’, which is a small area within a catchment area that can have access priority to some closer schools that are located outside their catchment area of residence. . Families in these zones are thus allowed greater flexibility, and can choose to enrol their children in schools within its school zone, or neighbouring areas. This strategy aims at resolving any challenges that might arise from these reforms, and to ensure that the new catchment areas do not undermine the principle of proximity. Overall, while this example is rather exceptional, the core principle is ensuring heterogeneity in catchment area design.

Zurich (Switzerland)

Researchers from the University of Zürich modelled each block of the city of Zürich according to the share of non-German speaking householders and the share of households in which both parents attained upper secondary qualification at most. They called this measure the “concentration index” (K-index). After, the researchers reconstituted the catchment area of 77 of the city’s primary schools, block by block. As was to be expected, an almost perfect correlation between the concentration index of a school’s surroundings and that of a school’s catchment area was found. In other words, school segregation reflected existing segregation.

The researchers then developed an algorithm to reduce school segregation levels. The algorithm developed by researchers runs like a board game, by changing the catchment area of reference for schools. At each turn, a school swaps up to four blocks with neighbouring schools, provided the exchange brings the concentration index of that school closer to the city average without harming a more segregated school. When no school can proceed to such an exchange anymore, the process stops. In applying the algorithm, the researchers proposed new catchment areas for Zürich’s primary schools. At first sight, the map would change little. Indeed, for schools that are in remote areas little would change. But for others, in denser neighbourhoods, the changes that would come from using this new map would be remarkable.

In one of the most segregated schools, the algorithm could bring the K-index from over 70% to 44% (still 16 percentage points over the city average). Overall, applying the algorithm to Zürich’s catchment area could bring the number of pupils attending schools where the K-index was 15 percentage points above or below the city-wide average from 2 600 to 2 100 (from a total of about 7 000 pupils).

Key insights for Finland

In reconfiguring school catchment areas, the researchers in the University of Zürich have ensured that their algorithm accounts for socio-economic characteristics of households. (e.g. parental background and educational attainment levels). The Catalonia (Spain) case shows that introducing a degree of

flexibility might be important to ensure that the principle of proximity is not undermined with the introduction of catchment areas.

Source: Algorithm Watch (2019^[125]), New Swiss algorithm to desegregate schools, one block at a time, accessed 2 March 2022, <https://algorithmwatch.org/en/zurich-schools-algorithm/>; Bonal (2019^[126]), “Educational policy and the challenge of school segregation in Catalonia”, IIEP Foresight Papers, UNESCO International Institute for Educational Planning, Paris, accessed 2 March 2022, <http://www.iiep.unesco.org/fr/educational-policy-and-challenge-school-segregation-catalonia-9202>.

Informing parents and families

Information policies may play a role in counterbalancing the trends mentioned above, regarding the decisions families make based on the availability and quality of information. Municipalities in Finland can consider publishing and distributing school guides that give visibility to schools’ pedagogical projects. Likewise, it is important to inform all families about the educational rights of their children and young people, regardless of where they go to school. The information provided must be accurate and clear, and ensure that all families are aware of the admission procedures and which regulation apply in cases of over-demand. To ensure the most effective information, translation of information sources in different languages (and particularly in the language of ethnic minorities) is a key strategy. This is being done in cities like Barcelona (Spain), Helsinki (Finland) and Oslo (Norway) (Bonal, 2022, unpublished^[127]). Beyond providing information, it would be important to ensure that immigrant families understand fully the differences that start at upper secondary level between general schools and vocational ones, and the implications for the children’s future career. To this end, parents could be invited, for instance, to visit schools and meet teaching staff and school leaders.

Moreover, Finnish municipalities may consider designing initiatives to convince native families to enrol their children in segregated schools in order to promote diversity (Cerna et al., 2019^[77]) (see Box 11). Such strategies should stress, for instance, the benefits of enrolling in socially mixed schools.

Box 11. Promoting a diverse student population in the Netherlands

In the Netherlands, Knowledge-centres for Mixed Schools (*Kenniscentrum Gemengde Scholen*) study educational interventions to reduce segregation in schools. Operating on the municipal level, the centres share the common practice of creating manuals on fostering diverse school environments. The knowledge centre in Rotterdam attempted to change preferences and misconceptions of foreigners through local tours organised by municipalities which allows parents to visit local schools. Considering many parents reported that they felt more comfortable touring schools in groups, this intervention is especially important for immigrant parents who are navigating the system for the first time. After the tour has finished, parents and the facilitator discuss the pros and cons of each of the schools and explain the school choice process. Overall, this programme allows immigrant parents to learn about the schools in their area and make informed decisions for their children.

At the community level, some native Dutch families are also taking initiative to desegregate schools. For example, voluntary programmes encourage parents to enrol their children in highly segregated schools in order to create a better balance and promote diversity. Some communities are providing awareness education for non-immigrants parents to disarm stigmatisation and fears of integration measures influencing their children negatively. For example, in groups, native Dutch families apply to high performing and high minority population schools to ensure their child is not the only native Dutch student in the classroom. In addition, these parents and communities interact with their local schools about curriculum, differentiation for students and afterschool programmes so as to make the learning environment productive for all students. Although most of these initiatives are too recent to determine

the effectiveness of such actions, involvement at the community level can often be an effective measure in reducing segregation; “grassroots participation drives the movement. No matter how strong, appealing, or sensible an idea may be, it needs people to think about it, talk about it, and act upon it if a movement is to advance its goals of changing society”.

Key insights for Finland

Ensuring that socio-economically disadvantaged and immigrant families have information will not be enough to break the vicious cycle of segregation that exists in Finland. The central and local governments could consider initiatives to encourage advantaged and native families to enrol in schools in lower-income neighbourhoods. Such efforts could be accompanied by campaigns to re-ignite Finns’ commitment to equality and inclusion (see Section 5.).

Source: Cerna et al. (2019^[128]), Strength through diversity’s Spotlight Research Report for Sweden, OECD Education Working Paper No. 194, <https://doi.org/10.1787/059ce467-en>.

Developing a whole-of-government approach to address residential segregation

While policies should aim to avoid that school segregation surpasses residential segregation, reducing residential segregation is another important avenue to limit school segregation, which requires co-ordinated urban and education actions. For example, in some cities in the United States, local governments have engaged in innovative practices to ease zoning regulations with the objective of increasing social mixing and avoiding the displacement of low-income and minority groups in gentrified areas. By reserving housing for low and middle-income groups, creating job opportunities for local residents and improving childcare services these policies are able to reduce displacement effects and maintain higher levels of social mixing in neighbourhood schools (Mordechay and Ayscue, 2018^[129]).

By ensuring a heterogeneous social composition of neighbourhoods/districts, Finland might observe higher levels of equity and quality in its education system. In moving forward with the policy pointers discussed above, it would be important that OKM continue strong collaboration with other government agencies, as well as local authorities to address the issue of segregation and inequality in a concerted fashion. For instance, OKM could advocate for a whole-of-government strategy to reduce segregation, which would include education-specific strategies.

4.2.2. Limiting the impact of special emphasis classes on inequalities between students

Context

In Finland, schools may offer specialisation in specific subjects or themes beyond the requirements of the National Core Curriculum (e.g. music, or foreign language). These classes “with a special emphasis”, as discussed in Section 4.1. , are separate streams within public schools. Students in these streams follow the regular curriculum, and take additional hours (1-2 per week generally) of instruction in the specific subject area; however, they are grouped with other students following the extended curriculum for the entirety of their school days. In large urban municipalities, 30–40% of pupils are selected for a class with special emphases (Varjo, Kalalahti and Lundahl, 2016^[130]). PISA results suggest that there has been a significant increase in the percentage of schools that group students by ability into different classes for some subjects (34% in PISA 2006; 53% in PISA 2018) (OECD, 2020^[24]).

Applicants are subject to selection criteria to gain admission to the school or stream of their choosing. Selection criteria often includes past academic performance in specific subjects, written statements from

teachers or engagement in extra-curricular activities. Kosunen and Seppänen (2015^[109]) have argued that access to better tracks is seldom based on merit, or at least merit alone. Instead, selection reflects students’ cultural capital and income, for instance, access to extra-curricular music lessons growing up.

Regardless of whether the selection criteria used by schools are merit-based, the results of this system are not: grouping students based on aptitude has opened the possibility to families with higher cultural capital to access more privileged tracks and has increased the segmentation within the public comprehensive education system (Kosunen and Seppänen, 2015^[109]). As a result, some research suggests that the study paths of students from diverse social backgrounds are becoming increasingly differentiated (Kosunen et al., 2016^[131]). These are concerning trends, given that research has suggested that ability grouping particularly harms students assigned to the lower tracks, who often have lower levels of achievement and increased gaps compared with their peers with similar academic level allocated to higher tracks. Likewise, ability grouping reduce the opportunities of peer interaction and access to social networks associated to educational diversity (Schofield, 2010^[132]).

If high-quality and equal comprehensive schools are to remain the cornerstone of Finland’s education system, initiatives that enable or promote student grouping in ways that reinforce socio-economic disparities should be reconsidered. Any efforts in this direction will need to involve and – to the extent possible – be spearheaded by municipal representatives, given that “municipalities, through their elected education boards, have been given powers to decide on the allocation of lesson hours in all the schools under their jurisdiction” (Varjo, Lundström and Kalalahti, 2018, p. 486^[106]).

Policy pointers for Finland

Revisiting ability grouping in schools

As part of the RtL Programme and for future policies and programmes, OKM could consider:

- **Carrying out a research project on special emphasis classes.** At present, Ministry officials have limited visibility on the extent of these practices, or the types of admission criteria being implemented. Such information could offer the central government a more thorough overview of the issue; including a mapping of the supply and demand for ‘special emphasis classes’, as well as a better understanding the profile and outcomes of students, teachers and schools involved in these programmes. A number of researchers have been undertaking studies on the topic, and it would be important that any new investigation builds on existing work and leverage experts’ knowledge.
- **Addressing segregation concerns:** De-tracking entails an attempt to group students heterogeneously, to ensure that all students, independently of their ethnic or socio-economic background or their academic ability, have access to high-quality education. However, there is considerable variation in how de-tracking can be carried out. From complete restructuring efforts, such as the complete elimination of ability grouping to changes that, without altering the school’s track structure provide more access to high-track classes for students assigned initially in lower tracks (see Box 12). For example, students following an extended curriculum can be better integrated into mainstream classes with more heterogeneous peer groups, by being grouped only to follow their extended courses, and be assigned to different classes for all other classes. This would reduce segregation, increase the heterogeneity within classes and inter-group contact. Moreover, beyond segregation within schools, classes with special emphasis could be used strategically in more segregated or disadvantaged areas to attract more advantaged students and increase the heterogeneity of school populations. To be effective, however, this would require that the students partaking in the additional subject classes were not grouped together for the entirety of the day, but just for those additional lessons.
- **Limiting selection:** Further measures limit the effect of ability grouping on equity in the education system. Measures could include revising selection criteria to ensure that they are fairer, for instance

by avoiding ability testing and providing more equal opportunities to all students to be selected into the activity. This could support students from less advantaged backgrounds in participating in classes with special emphasis. As the policies regarding these classes are a local competence and not in direct control of the central government, OKM could focus on encouraging municipalities to ensure that opportunities to participate in classes with special emphasis are not only available, in practice, to more advantaged students. This could be done by providing information to municipalities regarding the drawbacks and negative implications of ability grouping, as to ensure that municipalities that make decisions on weighted learning are aware what this means when they use these approaches. Moreover, the government could encourage municipalities to ensure that selection criteria are not exclusionary of more disadvantaged students and that these opportunities are not only provided in schools that are more advantaged populations. This may mean removing ability testing or guaranteeing a number of spots to disadvantaged students. Moreover, OKM could also direct municipalities towards limiting the degree of diversification between subjects offered in classes with special emphasis, as a way to avoid that only a small subset of students can access more “exclusive” offerings, or that students in specific areas have access to a larger set of possible subjects compared to more remote areas.

Box 12. Promoting greater integration in schools

The Century Foundation, in the United States, has produced a toolkit designed to avoid tracking and to enhance integration in all classrooms. The toolkit focuses on three strategies for promoting integrated classrooms within a school: school-wide enrichment, open/embedded honours, and diversifying Advanced Placement (AP) or International Baccalaureate (IB) enrolment. School-wide enrichment can be used in all grades, while open honours and diversifying AP/IB apply mainly to upper secondary education. Each of these strategies requires tailoring a general approach to the specific school setting; as such, there is not a step-by-step recipe for implementation of any of these approaches.

The school-wide enrichment model

The school-wide enrichment model (SEM) is an approach to teaching and learning that draws from the pedagogy of gifted education to enhance opportunities to all students in a school. SEM identifies “gifted behaviours,” including above-average academic abilities creativity, and task commitment, rather than attaching a binary (“gifted”/“not gifted”) label. SEM uses flexible student groupings that change throughout the course of a year and bring together students with different achievement and interest levels. It creates opportunities for all students to be engaged in some type of enrichment, in which students with shared interests engage in investigative learning and explore real-life problems.

Open/embedded honours

At the high school level, one method of meeting the needs of students at different academic levels within integrated classrooms is to offer an “open honours” or “embedded honours” option. In this model, all students take a class together, but students who choose to may take the class for honours credit by completing extra assignments. The advantages of an open honours model include heterogeneous classrooms in which students can interact and learn with (and from) a wide range of peers, as well as the option for students to switch in and out of honours without rearranging their schedule.

Diversifying Advanced Placement (AP) or International Baccalaureate (IB) enrolment

Another approach to ensuring that desegregated high schools are integrated at the classroom level is to focus on diversifying enrolment in high-level courses, with the goal of having all student subgroups enrolling in these classes at the same rate. Over 90 percent of all U.S. high schools offer at least one

Advanced Placement (AP) course, but within these schools, access to AP differs dramatically based on race and class. Participation rates in the International Baccalaureate (IB) programs show similar gaps. There are examples of interventions to close these gaps.

In some school districts decisions of de-tracking math and English courses were made. Having a separate honours track seemed to perpetuate the racial gaps in identification for honours courses into AP enrolment. This process took several years and required tackling a few grades at a time. At the same time, administrators worked with teachers and the college counselling team to build excitement about AP courses as college-level work, and to encourage students of all backgrounds—particularly those subgroups of students that were currently underrepresented in AP coursework—to consider enrolling in at least one AP course.

Source: Potter (2019^[133]), Integrating Classrooms and Reducing Academic Tracking - Strategies for School Leaders and Educators, <https://tcf.org/content/report/integrating-classrooms-reducing-academic-tracking-strategies-school-leaders-educators> (accessed on 20 April 2022).

5. Conclusions

Growing socio-economic inequality has created new pressures for Finland. Education, managed well and in combination with wider governmental strategies, can help bolster equitable development by unlocking individuals’ potential, and by giving students from different backgrounds the opportunity to overcome barriers of wealth, social background, gender and ethnic origin. For this to take place, all children – and in particular those with the greatest needs - must have access to high-quality learning opportunities and adequate support.

ECEC can give all children a strong start. However, as discussed in Section 1. , even though Finland has managed to increase participation in the sector and pre-primary is nearly universal, enrolment of younger children remains low, particularly for those from socio-economically disadvantaged and immigrant backgrounds. In part, this is due to cultural traditions; caring for young children at home is the norm for most Finnish mothers. However, as discussed in Section 3. , government policies also contribute to this trend. Evidence suggests that the homecare allowance is an important disincentive for parents to place their children in ECEC centres. Worryingly, its take up is higher among low-income and immigrant families. Moreover, there are concerns about the country’s ability to ensure high-quality ECEC provision for all. Staff’s profiles differ across settings and geographical regions, and children from more vulnerable groups are less likely to attend settings with highly qualified professionals. Inclusive pedagogical practices remain limited in Finland’s ECEC system, and teachers tend to overlook the diversity of children and parents with whom they interact. In addition, evidence points to significant disparities in municipalities’ resources and capacity levels that once more tend to penalise those at greatest disadvantage.

Similarly, the ways in which school systems are organised, how students and resources are allocated, the learning environment, and teaching practices are also factors that can reduce the education gap between socio-economically advantaged and disadvantaged students, boys and girls, and students with immigrant backgrounds, and support high levels of performance. However, as discussed in Sections 2. And 4. , certain policies and practices may in fact be acting as barriers to quality and equity in primary and secondary education in Finland. While schools’ basic human and financial resource needs are covered, mechanisms for resource allocation are complex and stratified, leading to inefficiencies as well as greater disparities between regions, municipalities and schools. Municipalities have also reported struggling in covering the costs of ECEC and education provision, in particular after the budget cuts that occurred between 2011 and 2015, and had to increase their own funding provision to maintain the same quality. For

these reasons, Finland is aiming at providing more stability in funding for education providers and foresees increases in permanent funding as a key future development, as discusses in the Education Policy Report that recognises the existing pressure on the financing system (Finnish Government, 2021^[59]).

Moreover, the declining population poses new challenges to the education system. Indeed, the municipalities’ role in financing the ECEC and basic education services is growing, at a moment where the municipalities find themselves struggling to finance the services. With school choice and “special emphasis classes” becoming the norm in many municipalities across the country, Finland seems to be moving further away from the comprehensive school model, which is seen by many as the cornerstone of the country’s education system.

The RtL Programme is Finland’s response to these issues, along with an effort to compensate for previous budget cuts to the education system; the initiatives currently being rolled out by OKM aim to strengthen equity and quality of the country’s ECEC and school education systems. In previous sections, the OECD offered policy pointers that can generate the necessary improvements in specific areas, namely on (i) financing equity and quality in education, (ii) strengthening equity and quality in ECEC, and (iii) equalising education opportunities through revised school choice policies (see Table 2 for an overview).

Furthermore, the analyses undertaken in this analysis reveal a number of cross-cutting issues, notably pertaining to governance, which affect and span the three policy considerations that were identified. The next section will look at these issues more closely, and offer some pointers that can assist Finnish policymakers strengthen the design and implementation of current reforms. This paper argues that considering these issues more systematically and in conjunction with the policy pointers outlined in previous sections will be key for the success of the RtL.

Table 2. The OECD’s policy considerations for Finland’s Right to Learn Programme

Policy issue	Policy consideration	Policy pointers
Section 2. Financing equity and quality in education	1. Consolidating, streamlining and increasing the predictability of the grant system	<ul style="list-style-type: none"> Funding based on objective and external criteria should remain as key principle in grant design Prioritising the use of application-based grants for short-term and targeted interventions Accounting for the alignment between government and municipalities’ goals Consider consolidating targeted grants Monitoring the use of the grants
	2. Accounting for the role of block grants in supporting equitable outcomes	<ul style="list-style-type: none"> Reviewing the foundations of the funding system Re-evaluating the funding formula used for central allocations
	3. Supporting municipalities allocate funds equitably	<ul style="list-style-type: none"> Offering guidance and support to municipalities Convening municipalities to share experience about funding formulas across municipalities
Section 3. Strengthening equity and quality in ECEC	1. Leveraging needs-based funding mechanisms to encourage expansion of ECEC	<ul style="list-style-type: none"> Using needs-based funding’s selection criteria to target resources to municipalities with large percentage of children from vulnerable groups Monitoring the impact of needs-based funding on ECEC participation rates
	2. Building responsive and high-quality ECEC systems	<ul style="list-style-type: none"> Addressing human resource shortages Promoting inclusive pedagogical practices Embedding inclusive and diversity principles in Finland’s evaluation practices
	3. Reviewing childcare allowances to encourage greater participation in ECEC	<ul style="list-style-type: none"> Advocating for the reduction (or abolition) of the homecare allowance Progressively reforming the homecare allowance
	4. Using family support services to raise awareness of the importance of ECEC	<ul style="list-style-type: none"> Developing common messages to guide communication Upgrading Finland’s outreach network

Section 4. Equalising education opportunities through strengthening the local school policy	1. Addressing school segregation in Finland	<ul style="list-style-type: none"> Working with municipalities to address school segregation Informing parents and families
	2. Limiting the impact of “special emphasis classes” on inequalities between students	<ul style="list-style-type: none"> Developing a whole-of-government approach to address residential segregation Revisiting ability grouping in schools

5.1. Cross-cutting issues

The Finnish education system is highly decentralised, although the central administration plays an important steering role. The RtL Programme is evidence of this; the reform plan was proposed and designed by OKM. In turn, the implementation of the envisaged measures will fall predominantly under the responsibility of local actors, namely municipalities (e.g., teacher policies), who benefit from a high degree of autonomy. In this context, steering policy reform from the centre will require effective arrangements between the Ministry and the local actors. This section offers some policy pointers that can assist OKM in this regard.

5.1.1. Building on a shared vision for Finland’s education system

International experience shows that in decentralised systems with many stakeholders, policies have the potential to succeed as long as stakeholders understand the purpose and components of the reform and take action in alignment with common objectives. Continuous communication among stakeholders allows actors to develop a clear and deep understanding of the policy. However, evidence suggests that a deep understanding of the policy is not enough. Actors must also buy into the policy’s plan and purpose, and share a sense of common direction. Giving voice to and engaging stakeholders throughout the policy cycle can help build policy acceptance and legitimacy as well as a common vision, facilitating the implementation process (Burns and Köster, 2016^[134]; Burns, Köster and Fuster, 2016^[135]). Moreover, engaging with stakeholders is a way to heed the reality of practitioners’ daily activities throughout the process, which allows for avoiding obstacles or changing courses if some measures do not align with local needs and for building more effective and relevant reforms (Viennet and Pont, 2017^[136]; OECD, 2011^[137]; OECD, 2010^[138]).

The RtL Programme builds on a national vision for the future of Finnish education, the “Finnish Basic Education: Excellence through Equity for All”, developed in 2016 by a broad group of experts and stakeholders (OECD, 2020^[23]). In moving forward with the reform, it will be important that the Ministry continues to leverage inclusive and participatory governance mechanisms to engage a broad range of stakeholders, and in particular municipalities, in elaborating on the workings of and implementing the different initiatives. This can help ensure that the government’s policies take into account stakeholders’ incentives, needs and perceptions.

Previous sections have highlighted some areas of contention that could arise from the government’s envisaged plans. For instance, while Finnish municipalities may agree with the need to improve access to ECEC as stated in the RtL Programme plan, they have little financial incentive to expand provision of such services, which are costly relative to topping up the homecare allowance. Likewise, even if Finnish school leaders support the RtL Programme’s goal to “create equal conditions for learning paths” (OKM, 2019^[139]), in practice many see “special emphasis classes” as a way to strengthen their school’s reputation and increase enrolment. Issues such as these need to be considered and addressed collectively and as early as possible in the policy process; spaces and mechanisms that allow stakeholders to discuss and work together can ensure this takes place.

Moreover, OKM might consider strengthening its co-operation with other government bodies and line Ministries to raise their attention to existing issues (e.g., the impact of the homecare allowance on ECEC

participation) and opportunities (e.g., the “Sote” reform), or in other cases to advocate for necessary actions to be taken by them (e.g. advocating for higher salaries for ECEC teachers).

Steps could also be taken to ensure that the goals and rationale for the reform are disseminated. This can help ensure that all stakeholders (e.g., teachers, school leaders, parents, journalists) are sensitised to the issues, and feel committed to and personally responsible for the success of the reform.

5.1.2. Clarifying plans to support effective implementation and monitoring

For the moment, Finland has disseminated high-level plans for the design and implementation of the RtL Programme. Moreover, it has developed its Educational Policy Report that sets the vision and plans for education until 2040. Looking ahead, it will be important to determine the implementation of the goals set for 2040 and to build on the work developed by the RtL. Clarifying roles and responsibilities can support more effective implementation, by facilitating alignment of actions. Also, working on ensuring that programmes and grants are more stable across different governments would provide stability to the education system and strengthen the programmes implementation. Indeed, the government underlined in its Educational Policy Report that its objective by 2040 is to create a financing system that would address more effectively the divergent circumstances of municipalities. This would include the impacts of demographic development, quality of services, equity and accessibility, support needs, the needs of Swedish and foreign-language speakers, and the availability of school transport and qualified teachers, among other things. According to the Report, these interventions would facilitate local and regional co-operation in service organisation, which can foster an effective implementation of educational policies.

This is particularly relevant in decentralised systems, such as Finland’s, in which educational competencies are distributed across different layers of the system (Burns, Köster and Fuster, 2016^[135]). Moreover, pre-defined objectives and timelines can create incentives for stakeholders, and help the central government verify that stakeholders carry out their responsibilities adequately and in a timely manner (see Box 2). However, it is important that such mechanisms must be introduced carefully and while maintaining open communication. In the absence of this, they can be perceived by stakeholders as a sign of distrust, which can be discouraging, demotivating and cause for resistance.

5.1.3. Supporting stakeholders implement change

Monitoring measures alone cannot ensure that actors are capable of carrying out their responsibilities. Capacity building is meant to support policy implementation by adjusting those capacities that are not in line with policy objectives, either by modifying them or creating new ones.

Previous sections have revealed a number of areas in which Finnish stakeholders will require guidance and support; not only do many actors require assistance to successfully implement or adapt to the RtL Programme’s initiatives (e.g., plan for an equitable distribution of funding to schools), but they will also need help assuming that the reform is successful in achieving greater equity and inclusion. For instance, as classrooms in schools and ECEC settings become increasingly diverse, service providers, teachers and staff will need to know how and when to adapt their practices to the needs of children. As OKM moves forward with this reform, it will be key to identify the knowledge and skills stakeholders on the ground will require, assess existing and prospective gaps, and address them through the provision of high-quality training programmes and support material.

Moreover, there are steps that OKM could take to better harness evidence and research for the benefit of the RtL Programme. In particular, moving forward, OKM could ensure that existing data gaps (e.g., the profile of students and teachers in special emphasis classes) are addressed, and that information for the successful implementation of the reform’s initiatives is collected (e.g., increasing monitoring of the effects of the provision of targeted funds). It is important to ensure that stakeholders not only have access to the

evidence they require (e.g., at present, some of the information on allocation of funds provided through government grants that is collected at the local level is not made available for the central government), but that this information be presented in clear and impactful ways so actors are able to easily interpret the key messages and draw on this in their work. This can help policymakers and practitioners to better target those population groups and education settings with the greatest needs (e.g., target outreach efforts to encourage participation in ECEC; target funding to schools with a concentration of immigrant students). In addition, it can provide relevant input to the country’s monitoring and evaluation efforts.

5.1.4. Steering stakeholders’ actions through incentives and regulations

While ensuring that stakeholders see eye to eye and are prepared and able to work together towards common goals should be the government’s main priority, OKM can also use incentives and regulations to steer stakeholders’ actions when needed. For example, OKM could ensure that municipalities comply with existing regulations and do not impose unlawful requirements or conditions for families to access homecare allowances (as discussed in Section 4.). Moreover, it could establish regulations on how students can (and cannot) be selected into “special emphasis classes”, or on how students can (and cannot) be grouped in schools (e.g. preventing schools from keeping students in special streams together for all classes) (as discussed in Section 5.). Additionally, OKM might consider the overall funding process as a way to develop more focused steering of municipalities and to provide guidance from the government side towards their goals (e.g. increasing a focus on equity in school funding; expanding ECEC provision, as discussed in Section 4.).

5.2. Looking ahead

Finland has been widely regarded as one of the most successful education systems in the world. However, the decline in the country’s performance in international student assessments, the growing gaps among students groups and increasing levels of segregation that are observed within and between institutions have led many to question the capacity of the Finnish education system to successfully adapt to changing socio-economic circumstances.

The fact that the country has not only recognised its current challenges, but also introduced wide-ranging reforms - and plans for more as envisaged in the Educational Policy Report - to address these issues shows that Finland’s success is not due to chance, but to its unwavering commitment to equality and high achievement. The steps ahead will not be easy, but Finland has what it takes to succeed; a shared vision for the sector, as well as a longstanding tradition of and built-in mechanisms for stakeholder engagement are strong foundations upon which to build the RtL Programme. The policy considerations presented in this analysis are meant to support Finnish policymakers and practitioners in this endeavour.

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Strength through Diversity and ECEC

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The OECD Strength through Diversity Project provides analysis and policy advice on fostering equitable and inclusive education, and the ECEC team provides analysis and policy advice on ECEC and pre-primary education to OECD countries.

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