



UNRISD

UNITED NATIONS RESEARCH INSTITUTE FOR SOCIAL DEVELOPMENT

Water Services in Finland: Competition for Non-Core Operations – Not for Monopolies

Pekka E. Pietilä, Jarmo J. Hukka,
Tapio S. Katko, Osmo T. Seppälä
Institute of Environmental Engineering and
Biotechnology
Tampere University of Technology

prepared for the UNRISD Project on
**Commercialization, Privatization and
Universal Access to Water**

DRAFT WORKING DOCUMENT
Do not cite without the authors' approval



The **United Nations Research Institute for Social Development (UNRISD)** is an autonomous agency engaging in multidisciplinary research on the social dimensions of contemporary problems affecting development. Its work is guided by the conviction that, for effective development policies to be formulated, an understanding of the social and political context is crucial. The Institute attempts to provide governments, development agencies, grassroots organizations and scholars with a better understanding of how development policies and processes of economic, social and environmental change affect different social groups. Working through an extensive network of national research centres, UNRISD aims to promote original research and strengthen research capacity in developing countries.

Current research programmes include: Civil Society and Social Movements; Democracy, Governance and Human Rights; Identities, Conflict and Cohesion; Social Policy and Development; and Technology, Business and Society.

A list of the Institute's free and priced publications can be obtained by contacting the Reference Centre.

UNRISD, Palais des Nations
1211 Geneva 10, Switzerland

Tel: (41 22) 9173020
Fax: (41 22) 9170650
E-mail: info@unrisd.org
Web: <http://www.unrisd.org>

Copyright © United Nations Research Institute for Social Development (UNRISD).

This is not a formal UNRISD publication. The responsibility for opinions expressed in signed studies rests solely with their author(s), and availability on the UNRISD Web site (<http://www.unrisd.org>) does not constitute an endorsement by UNRISD of the opinions expressed in them. No publication or distribution of these papers is permitted without the prior authorization of the author(s), except for personal use.

TABLE OF CONTENTS:

- 1. INTRODUCTION**
 - 1.1 Geography**
 - 1.2 Administrative and political structure**
 - 1.3 Development of municipal structure**
- 2. EVOLUTION OF WATER AND SEWERAGE SERVICES IN FINLAND**
 - 2.1 Variety of organisational forms**
 - 2.2 Water use**
 - 2.3 Wastewater treatment**
- 3. THE ROLE OF MUNICIPALITIES (LOCAL GOVERNMENT) IN UNIVERSAL ACCESS TO WATER SERVICES**
 - 3.1 Role of municipalities**
 - 3.2 Why different organisational forms for water services**
 - 3.3 Ownership and operation**
- 4. RECENT DEVELOPMENTS IN WATER SECTOR LEGISLATION AND INSTITUTIONAL ARRANGEMENTS**
 - Legal framework of the water and sewerage services**
 - 4.1.1 EU directives**
 - 4.1.2 National legislation**
 - 4.2 Institutional framework of the water and sewerage services**
 - 4.2.1 Administrative structure**
 - 4.2.2 Policy and strategy framework**
 - 4.2.3 Financing, water rates and sewerage charges**
 - 4.2.4 Regulatory framework**
 - 4.2.5 Participation mechanisms**
- 5. FINNISH EXPERIENCES OF EXTENSIVE PUBLIC-PRIVATE COOPERATION THROUGH OUTSOURCING OF GOODS AND SERVICES**
- 6. IMPLICATIONS OF THE FINNISH EXPERIENCES FOR DEVELOPING COUNTRIES AND TRANSITION ECONOMIES**
 - 6.1 Rural areas: cooperatives and water associations**
 - 6.2 Regulation: regulation at various levels**
 - 6.3 Role of municipalities**
 - 6.4 Role of the association of water supply undertakers**
 - 6.5 Association of Finnish Local and Regional Authorities**
 - 6.6 Legal framework: experiences from the Water Services Act**
- 7. REFERENCES**

1. INTRODUCTION

1.1 Geography

Finland is the easternmost of the Nordic countries, situated between the 60th and 70th degrees of latitude. The neighbouring countries are Norway (mutual land boundary 736 km), Sweden (614 km) and Russia (1,340 km). By area Finland is the seventh largest country in Europe covering 338,000 km², of which about 10 % (32,000 km²) is water (188,000 lakes, 180,000 islands, of which 98,000 in lakes).

The maximum length of the country is 1,157 km and the maximum width 542 km. The terrain is mostly low, the highest mountain is only 1,200 m. Due to the influence of the Gulf Stream and the Baltic Sea, the climate in Finland is in many respects more favourable than in most other regions located between the 60th and 70th latitudes. During the coldest months the mean daily temperatures (1971-2000) have been -4.9 degrees centigrade in Helsinki in February and -14.1 degrees centigrade in Sodankylä (Lapland) in January. During the warmest months the mean daily temperatures have been 17.2 degrees centigrade in Helsinki in July and 14.3 degrees centigrade in Sodankylä in July.

Finland is the most forested country in Europe, and uniquely rich in wetland habitats. This abundance is reflected in Finland's flora and fauna. Many of Finland's plants are indeed characteristic species of bogs, fens, waterside habitats or inland waters.

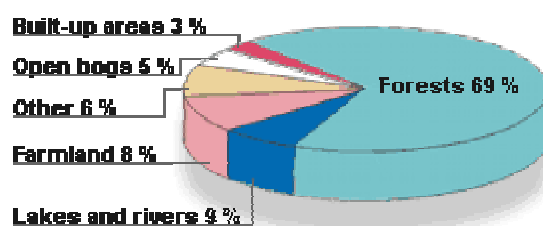


Figure 1. Categories of surface area in Finland. The category "other" includes Lapland's treeless arctic fells, for instance (Ministry for Foreign Affairs 2002).

The population of Finland was 5,206,000 at the end of 2002. Population density was thus only 15 persons/km². Sixty-five per cent live in towns or urban areas and 35 % in rural areas. About 1,000,000 people live in the Helsinki Metropolitan area consisting of Helsinki, the capital city, Espoo, Vantaa and Kauniainen. Finnish cities with a population of over 100,000 include Helsinki (560,000), Espoo (220,000), Tampere (200,000), Vantaa (182,000), Turku (175,000) and Oulu (125,000). The smallest municipalities on offshore islands have fewer than 200 residents.

During the period 1961-1990, the Finnish territory received a mean annual precipitation of 660 mm, which is among the lowest in Europe. Of this amount, 341 mm evaporated, while 318 mm flowed into the seas or over the national borders. The precipitation amount of 318 mm corresponds to a mean discharge of 3,400 m³/s. (Ministry of the Environment 1999a).

There are 74 main river basins larger than 200 km². In the most recent river basin boundary inventory, these main basins were divided into sub-basins of three hierarchical levels. The total length of all rivers is estimated to be around 20,000 km.

1.2 Administrative and political structure

The Republic of Finland is a Western democracy with a President elected for a 6-year term, and a 200-member, unicameral Parliament elected every four years. Under the Constitution of Finland, which entered into force on 1.3.2000, executive power is vested in the President and the Council of State (i.e.

the Government) composed of a Prime Minister and a sufficient number of ministers (presently not more than 18) who must enjoy the confidence of Parliament. This principle is reflected in other provisions of the Constitution concerning the President's functions and powers dealing with legislation, decrees, appointment of public officials, and so on. The number of issues falling within the scope of the President's executive powers has increased strongly after the 1919 Constitution was drafted. However, in recent years executive power has been increasingly transferred to the Council of State. EU membership has also contributed to this trend.

Parliament consists of one chamber with 200 members chosen for four years by a direct and proportional election. Based on the last election (2003) results, 75 of the 200 MPs are women and eight of the 18 ministerial posts are held by women. The Prime Minister is elected by Parliament and thereafter formally appointed to office by the President of the Republic. The President appoints the other ministers in accordance with a proposal from the Prime Minister. The President of the Republic is elected by direct popular vote.

The State Provincial Offices act as the joint regional authorities for seven different ministries, promoting the national and regional objectives of the central government (Figure 2). They are active within the administration of the following domains: social and health care, education and culture, police administration, rescue services, traffic administration, consumer, competition and foodstuff administration, veterinary services and animal protection, judicial administration and sports and youth affairs (State Provincial Offices of Finland 2003).

The State Provincial Offices support and evaluate the implementation of local services within their territory. The basic services universally available to each Finnish citizen are primarily produced by municipalities, but the State Provincial Offices monitor and evaluate the manner in which municipalities fulfil their tasks. The State Provincial Offices also oversee monitoring and inspection activity within their territories and grant various licences and permits.



Figure 2. The Provinces of Finland (<http://194.89.205.3/eng/prov/index.html>).

Finland's Regional Councils are statutory joint municipal authorities operating according to the principles of local self-government. The Councils operate as regional development and planning authorities and are thus the units in charge of regional planning and looking after regional interests. On

the basis of municipal democracy they articulate common regional needs and work to promote the material and cultural well-being of their regions. Regional Councils have also other tasks besides the statutory responsibilities. They act as centres of development for the regions. They also pursue the interests of the region, its municipalities, inhabitants and businesses and carry out research, planning and analyses. The Regional Council is also the organisation for cooperation between the various influences within the region (Regional Councils in Finland 2003).

The Finnish local authorities (444, consisting of 113 urban and 331 rural municipalities as 1 January 2004) provide basic public services for their residents, most importantly those related to education, social welfare and health, and the technical infrastructure. Local authorities run the country's comprehensive school system, upper secondary schools, vocational institutes, polytechnic institutions, and libraries, as well as provide adult education, art classes, and cultural and recreational services. Child day care, welfare for the aged and the disabled and a wide range of other social services are among the other responsibilities of local authorities. They provide preventive and primary health care services, specialist medical care and dental care, and also promote a healthy living environment. Supervision of land use and construction in their area is another responsibility of the local authorities. Their responsibilities include water and energy supply, waste management, street and road maintenance and environmental protection. Local authorities seek to promote commerce and employment. Many of the services are provided jointly with other local authorities. For example, hospitals and many schools and polytechnic institutions are run by joint municipal authorities (Association of Finnish Local and Regional Authorities 2004).

Local self-government is safeguarded in the Finnish constitution. Every four years, residents elect a local council, which is the decision-making authority in local affairs. The municipal board, appointed by the council, is responsible for the practical running of local administration and its finances. The council elects a municipal manager, who is subject to the board. Municipal committees are not obligatory, but in practice almost every local authority has committees made up of elected officials, which handle local affairs related to education, social welfare and health, the environment and other community concerns

Finland became a member of the European Union in 1995, and was the only Nordic country to join the European Economic and Monetary Union at its initiation in January 1999.

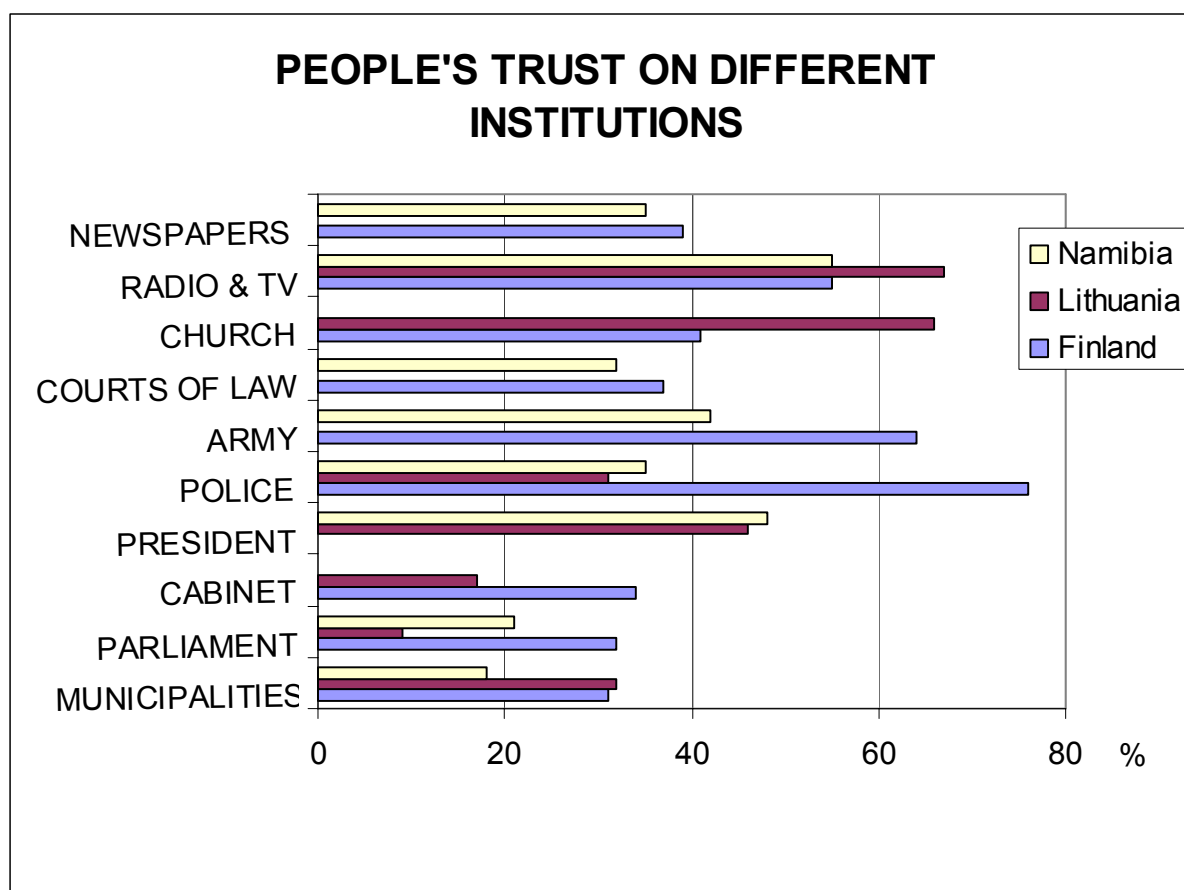


Figure 3. People's trust on different institutions in Finland, Lithuania and Namibia (University of Tampere 2001, Lietuvos rytas 2001, Keulder 2002).

Finland is a welfare state where people obey law and order as shown by the high ranking of the police and army in Figure 3. People's trust on political and administrative institutions (cabinet, parliament and municipalities) does not seem especially strong, even though clearly higher than in the other two countries shown in the figure.

1.3 Development of municipal structure

In Finland local level administration developed and was originally based on (religious) parishes. However, by the mid-1800s it was found that a parish meeting chaired by vicar was not enough to take care of the ever increasing practical administrative tasks. (Ryynänen 1974) The Act on the administration of rural municipalities was passed in 1865 and a corresponding act for townships in 1873. These two acts created the foundation for modern municipal administration in Finland as they listed the tasks of the municipalities. Such tasks were for instance: establishment of primary schools, certain health care tasks, taking care of the poor, construction and maintenance of certain public buildings and fire fighting arrangements. (Ryynänen 1974) These acts enabled municipalities to collect taxes; in fact local taxation had existed already before these acts came into force.

The Act of 1898 gave fairly accurate guidelines for municipalities' cooperation. Cooperation was necessary because there was no regional level self-administration in Finland.

In 1948 the regulations for towns and rural municipalities were brought together in a single act. In practice, this did not make a big difference because the previous acts for towns and rural municipalities were fairly similar. (Ryynänen 1974)

Since then legislation related to municipalities has been renewed every now and then, but no radical changes have been made to the main principles.

Health care has been to a great extent the responsibility of municipalities. During the last few decades neighbouring municipalities have established area health centres, which can be better equipped than separate small local units separately in each municipality. Health care and social care constitute the biggest expenses for the municipalities each taking up about a quarter of a municipality's budget (Moisio & Uusitalo 2003).

The Act of 1898 requested that municipalities establish and run schools for primary education so that no pupil has to walk a distance to school, under normal circumstances, that exceeds 5 kilometres. Schools are still run by municipalities, with only a few private schools operating, and this kind of public comprehensive school system seems to produce good fruit, because Finland has won top positions in international comparisons of school children's literacy skills. (OECD 2003). On a higher scientific level Finnish public educational establishments have also produced convincing results: much of the development work for Nokia mobile phones has been done at Finnish technical universities.

In fire fighting the compulsory tasks for rural municipalities were understandably less stringent than those for towns. But the Fire Act of 1933 stated that even rural municipalities had to have a fire fighting committee and a fire chief (not necessarily a full-time one). A permanently employed fire brigade became compulsory if the population of a town exceeded 8,000 people. (Ryynänen 1974)

The first municipal companies were established in the 1880s. The biggest towns established water and electricity companies. Some municipal grain mill and saw mill companies were also established. (Katko 1997, Ryynänen 1974)

The tasks of municipalities have increased dramatically since Finland gained her independence in 1917. This is partly due to the legislation putting new requirements on municipalities, and partly due to municipalities' own initiatives. The big changes in the 1970s, in particular - the creation of a comprehensive school system and new health care legislation - have increased municipalities' expenses. (Ryynänen 1974) These specially mandated tasks were partly financed by the state through a grant system that was tied to expenditures. To some extent this development of the Nordic welfare state actually limited local self-government. But since the 1980s the development has been towards decentralisation and more freedom to municipalities in deciding how they organise and implement the tasks assigned to them (Kettunen 1999). The state grants system was changed from ear-marked specific grants to block grants (Prättälä 1999) The new Local Government Act of 1995 essentially became a document of changes already implemented (Ståhlberg 1999). The sources of income for municipalities indicate the importance of local self-government: municipalities collect 84 % of their income via municipal taxation, user fees etc., and only 16% is received as state subsidies.

2. EVOLUTION OF WATER AND SEWERAGE SERVICES IN FINLAND

2.1 Variety of organisational forms

预览已结束，完整报告链接和二维码如下：

https://www.yunbaogao.cn/report/index/report?reportId=5_21362

