

# Subnational Investment Climate Assessment in the European Union 2022

## Fact Sheet: Finland



*The report Subnational Investment Climate Assessment in Finland benchmarks business regulations that apply to small and medium-size domestic firms in six cities in Finland (Helsinki, Mariehamn, Oulu, Tampere, Turku, and Vaasa) across five business regulation areas (business start-up, building permits, electricity connection and supply, property transfer, and commercial litigation). Top performing cities are identified, and best regulatory practices are highlighted. The report suggests that the different strengths of Finnish cities mean they all have something to teach and learn from each other.*

This report is the last in a series produced by the World Bank Group at the request of and funded by the European Commission's Directorate-General for Regional and Urban Policy. This edition also benchmarks six cities in Denmark and eight cities in Sweden, besides the six cities in Finland. The first edition, covering 22 cities in Bulgaria, Hungary, and Romania, was released in 2017. Twenty-five more cities in Croatia, Czechia, Portugal, and Slovakia, were benchmarked in 2018. The following year, data were published for 24 cities in Greece, Ireland, and Italy. The fourth edition, covering 24 cities from Austria, Belgium, and the Netherlands, was released in 2021. The reports are available at: [www.doingbusiness.org/eu](http://www.doingbusiness.org/eu).

The series follows the diagnostic methodology used in the cross-country *Doing Business* reports to assess the cost of doing business and the efficacy of the bureaucracy in the largest business cities across the main administrative divisions of European Union (EU) member states with a population greater than four million. It identifies good regulatory practices, uncovers administrative bottlenecks and recommends good practice examples based on examples from the country and from other EU member states.

The work on Finland was carried out with the support of the Ministry of Economic Affairs and Employment of Finland.

### MAIN FINDINGS

- **No city is the top performer across all indicators. It is easier to transfer property in Oulu and Tampere, obtain building permits and an electricity connection in Mariehamn, and resolve a commercial dispute through the local court in Oulu.** Vaasa stands out as the only city that scores among the top three locations in all benchmarked areas. This uneven performance across indicators points to opportunities for Finnish cities to learn from each other's good practices.

- **Finland shows significant subnational performance gaps.** This is mainly driven by differences in performance between mainland cities and Mariehamn, the capital of the autonomous region of Åland, where there is a higher degree of autonomy in creating and implementing local regulations. Entrepreneurs in Mariehamn must obtain separate permits to operate a business or acquire real property from the government of Åland. Even the five mainland cities benchmarked in this report show disparities in regulatory performance, especially in the areas related to building permits,



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electricity connection, and commercial litigation. Mainland cities show more homogeneous results on property transfer. Business start-up is the only area where all five mainland cities obtain the same score.

- **On average, Finnish cities outscore the EU average performance on all indicators, the only exception being business start-up.** The process for setting up a business in Finland is streamlined and more affordable but slower than the EU average. Electricity connection is the one area where all six Finnish cities perform above the EU average. Utilities in Finland provide an efficient connection process and the electricity supply is among the most reliable in the European Union.

- **Time is the dimension that varies the most across the five regulatory areas benchmarked.** Entrepreneurs spend seven months longer in Helsinki than in Oulu complying with bureaucratic requirements in the five regulatory areas benchmarked. It takes five months longer to resolve a commercial dispute through the court and enforce the judgment in Mariehamn than in Oulu. The construction permitting process, meanwhile, takes seven months in Turku, more than triple the time it takes in Mariehamn. Entrepreneurs in Mariehamn spend twice the time to transfer a property than their counterparts in the other

five cities benchmarked. Similarly, the business start-up process takes nearly twice as long in Mariehamn than in the rest of the benchmarked cities. An electricity connection takes 27 days in Mariehamn but 70 days in Helsinki.

- **The report identifies local good practices already in place that other cities could consider replicating to bridge the regulatory performance gap,** especially in dealing with construction permits, getting electricity and commercial litigation. In some cases, good practices from other EU member states could encourage Finnish cities to be more ambitious in the modernization of their regulatory framework.

### ADDITIONAL INFORMATION, INCLUDING THE FULL REPORT AVAILABLE AT:

<https://subnational.doingbusiness.org/finland>

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