



# Finland's Development Cooperation

MINISTRY FOR FOREIGN AFFAIRS OF FINLAND

## **Development policy**

Development policy means the principles and policies according to which Finland acts to improve the circumstances of developing countries and the living conditions of their inhabitants. Development policy is part of Finland's foreign policy, but not only that: development policy also involves activities within Finland itself. The Government of Finland approved a development policy programme in February 2004 according to which the interests of developing countries must be considered in such areas of government policy as security, trade, the environment, agriculture and forestry, migration and the information society.

## **Development cooperation**

Development cooperation means the practical work that is undertaken with the aim of improving the position of developing countries. This is a matter of real cooperation in the truest sense of the word: Finland's bilateral development cooperation is based on negotiations and agreements with each individual developing country.

Development cooperation is one of the means by which development policy is put into practice. There are other means as well: an example of trade policy means is specially favourable treatment for the import of developing countries' products.

## **Development assistance**

Development cooperation used to be called development assistance. At that time the work of improving the position of developing countries was thought to be more a matter of sending aid packages than of mutual cooperation between equal partners. Even though the importance of equality in development efforts is emphasised today, development assistance continues to be a useful term. It is particularly used to refer to the financial amounts that are required to implement development cooperation. For example, in 2004 Finland's development assistance budget was 545,6 million euros.

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## Why is Finland involved in development cooperation?

*Finnish people think highly of development cooperation. Over 70% of Finns believe Finland's development cooperation to be at least rather effective and successful. About three in four would like to raise the level of development assistance that Finland gives.*

(Opinion poll by Taloustutkimus Oy, October 2003)

## **It is a matter of human morality and fairness**

The world today is wealthier than ever. But 1.2 billion of the six billion people who live on this planet – one person in five of the world’s population – have to live on less than one dollar a day. Every day an estimated 25,000 people die of hunger\*), and each year ten million children under five years old die of illnesses that it would be easy to prevent or cure.\*\*) It would be morally indefensible to make no effort to tackle this inequality. For this reason all the rich countries in the world give money to development cooperation.

## **It signifies acceptance of responsibility**

Accepting responsibility for the weakest members of society is held to be a distinguishing characteristic of civilised communities. Globalisation and the growth of worldwide interconnectedness means that more and more people understand the world as a single community whose members are responsible for each other’s well-being. Supporting developing countries is a sign of acceptance of global responsibility.

## **It is in Finland’s own interest**

Events in recent years have shown very dramatically that what happens in some apparently remote part of the world can also have an impact on Finnish people and their welfare. An armed conflict or crisis in any country can have unforeseeable repercussions on the security and economies of other countries and regions. Development policy and development cooperation can help Finland, too, to counter such threats to security as international crime, environmental degradation, drugs, diseases and uncontrolled migration. Development cooperation is an investment in the future.

## **Finland is committed to development**

The United Nations Millennium Declaration was adopted at the United Nations “Millennium Summit” in September 2000. The Declaration was approved by almost 200 countries, including Finland, and the special Millennium session of the UN General Assembly that convened to discuss the Declaration was co-chaired by the President of Finland, Tarja Halonen. The Millennium Declaration specifies eight Millennium Development Goals that aim at solving the world’s major development problems by the year 2015.

The Millennium Declaration places obligations both on developing countries and on industrialised countries. Developing countries are committed to making their own individual efforts to achieve the Millennium Development Goals. Industrialised countries for their part are committed to supporting the developing countries and to taking care that, for example, trade rules and other agreements in the field of international cooperation help the efforts made by developing countries.

\*) Source: WFP

\*\*\*) Source: Unicef





**What sort of development does Finland  
support?**

CHINA, VEIKKO RUOHOTIE

Finland's development policy has been built up on the basis of the UN's Millennium Declaration and its main aim is the reduction of poverty. Development cooperation is carried out in ways that ensure it promotes the rights of women and girls, gender equality and other forms of social equality, the rights of children, the disabled, indigenous peoples and ethnic minorities, and the wellbeing of the environment.

These principles affect the kinds of projects and cooperation partners that Finland supports through development assistance. Every project is examined before a decision about assistance is made, and considered from the point of view of the impact it will have, for example, on the environment and on the status of women.

### The main principles of Finland's development policy are:

- Commitment to the values and goals of the UN Millennium Declaration
- Broad national commitment and coherence in all policy areas
- Commitment to the realisation of human rights specified in international agreements
- The principle of sustainable development
- The concept of comprehensive financing for development: development aid alone is not enough to raise standards of living in developing countries, and aid needs to be supported and complemented with other funds and resources from, for example, investments, trade, and public and private savings and loans
- Partnership: development requires participation by the public and private sectors and civil society, both in individual countries and internationally
- Respect for the powers of decision and responsibility of the developing countries and their people themselves: Finland's development assistance must support the individual countries' own development efforts
- Long-term commitment, transparency and predictability





**What does development cooperation cost?**

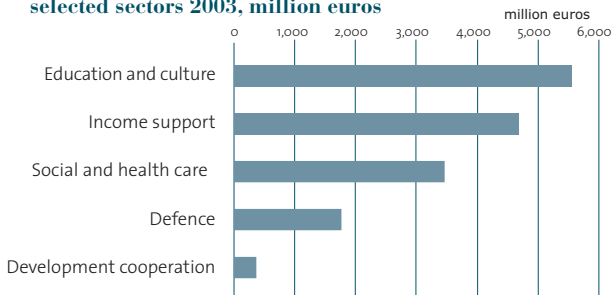
MOZAMBIQUE, MARTTI LINTUNEN

The amounts of development assistance that wealthy countries provide are normally compared by measuring the amount of assistance given as a percentage of gross national income (GNI). The resulting percentage measurements put countries, small and large alike, on the same base for comparison.

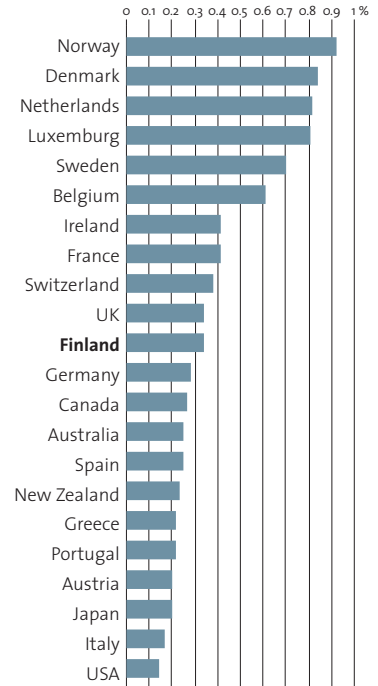
Already in the 1970s it was agreed in the UN that wealthy countries should give 0.7% of their GNI to development assistance. It has been estimated that this level of assistance would ensure achievement of the Millennium Development Goals by 2015. Finland is still far from the UN target. In 2004 Finnish appropriations amount to 0.38% of GNI.

The official programme of the Finnish Government states that Finland will raise its development assistance appropriations to 0.7% of GNI by 2010 if overall economic development permits this. In Finland's Scandinavian neighbours, Denmark, Norway and Sweden, the proportion of GNI allocated to development assistance is more than twice as high as in Finland. Finland's percentage is on the average level of European donors, and in the comparison made by the OECD Finland is the ninth biggest provider of development assistance in the world.

**Finnish government appropriations and disbursements in selected sectors 2003, million euros**



**Development Assistance Disbursements 2003, as % of GNI**



In monetary terms, Finland has allocated 545,6 million euros to development assistance in 2004. This means that overall every Finnish person contributes about 100 euros a year to support development cooperation.

People often think that development assistance accounts for a much higher share of government spending than is really the case. Development cooperation appropriations are after all relatively small compared with other outgoings, and pose no significant threat to, for example, Finland's ability to maintain its own social security systems.



**Who carries out development  
cooperation work?**

INDIA, MARTTI LINTUNEN

Development cooperation is based on the idea that every developing country is responsible for its own development and itself determines the direction and requirements of that development. Donor countries, non-government organisations (NGOs) and other financing bodies naturally take part, both in defining directions and in putting cooperation into practice, but the ultimate responsibility and power of decision belongs to each individual developing country and the people living in it.

Development cooperation is guided by the individual developing countries' own poverty reduction strategies. Based on information that has been collected about the country's economic and social circumstances, each country's strategy lays out the ways and means whereby people's living conditions and the economy are to be

improved. It includes economic analysis, financial planning and monitoring and evaluation systems. Drawing up a poverty reduction strategy is a long process, involving the participation not only of the developing country's own officials and interest groups but also of international donor organisations, such as the World Bank, and individual donor countries.

Work on poverty reduction strategies involves many individuals and organisations. Apart from officials and international organisations, participants include NGOs, private-sector companies and other groups and individuals, both in developing countries and in industrialised countries. Thousands of Finnish people, too, are engaged in development cooperation, in international organisations, companies, NGOs or development cooperation administration.



### **How can people in the northern countries take part in development cooperation work?**

There are many ways in which people who are interested in development cooperation can take part, either by doing voluntary work or by applying for particular jobs in development cooperation.

People can do voluntary work in their own country by getting involved in the activities of a charity or another organisation that works in the field of development cooperation. These organisations also offer jobs at home or abroad to people with suitable professional qualifications, and they supply volunteers to work in developing countries.

In Finland, information about organisations engaged in development cooperation that are supported by Finland's Ministry for Foreign Affairs can be found in the list of NGO projects published by the Ministry. Information can also be obtained from KEPA, the Service Centre for Development Cooperation, which is a cooperation organisation for Finnish NGOs working in development and globalisation issues. The Finnish ETVO Southern Volunteer programme helps volunteers who want to go and work in local development projects in the South.

The Ministry for Foreign Affairs of Finland recruits about 100 people a year to serve with UN organisations, in civil crisis management, in EU tasks, and with the UN Volunteers (UNV) programme. The qualifications required for these posts normally include language skills and degree-level education. Students can apply for practical training to gain experience through CIMO, the Centre for International Mobility. The Finnish consulting firms and government organisations that look after the practical implementation of development cooperation projects also offer work in the field of development cooperation.

The Ministry for Foreign Affairs is responsible for the administration of Finland's official development cooperation. The Ministry normally recruits personnel for its administrative and diplomatic branches every year through a centralised recruitment process.

## The Meaning of Poverty

In international contexts poverty is normally measured in monetary terms: when a person has less to live on than a dollar a day we speak of *extreme poverty*. But level of income provides only one yardstick. An example of another kind of measurement is the *human development index* that has been created by the United Nations Development Programme (UNDP). This reflects the position of each country by means of a composite index that takes account not only of the level of income but also of life expectancy, adult literacy rate, and other factors related to levels of education.

Poverty means:

- Poor nutrition or actual starvation
- Lack of clean water
- Wretched living conditions
- Lack of education and health care
- Discrimination
- Insecurity
- Lack of opportunities to improve one's own circumstances

# The Millennium Development Goals

The Millennium Development Goals of the UN Millennium Declaration call for the following targets to be achieved by 2015:

1. Reduce by a half both the proportion of the world's population who live in extreme poverty and the proportion suffering from hunger
2. Ensure primary education for all children
3. Eliminate gender inequality at all levels of education
4. Reduce the mortality rate for children under five by two thirds
5. Reduce the maternal mortality rate by three quarters
6. Halt, and start to reverse, the spread of HIV/Aids, malaria and other major diseases
7. Ensure the sustainable development of the environment and, amongst other targets, halve the proportion of people without sustainable access to safe drinking water
8. Create a global partnership for development

The global partnership refers to activities by industrialised countries that can help to improve the position of developing countries: development finance, development of fair trading rules, debt relief for developing countries, access to medicines, and making the benefits of new information and communication technologies available to developing countries.



## Bilateral cooperation

TANZANIA, MARTTI LINTUNEN

In bilateral development cooperation the emphasis is on helping the very poorest countries. Cooperation focuses on eight countries in particular: Ethiopia, Kenya, Mozambique, Zambia and Tanzania, in Africa; Nepal and Vietnam, in Asia; and Nicaragua in Latin America. Finland also has some smaller assistance programmes with other countries.

Some of the countries that are moving into the group of wealthier developing countries are also to be found amongst Finland's important development cooperation partners. Such countries include Egypt, Namibia and

Peru, and new forms of working cooperation are being sought with them at present. One of the main aims in these cases is to support the development of trade, investment and private sector cooperation.

Finland also takes part in supporting development in various countries and regions that are suffering from crises or recovering from them. This support is meant to be short-term and is channelled as far as possible through international joint-financing organisations. Countries and regions of this type include South Africa, the Western Balkans, East Timor, Afghanistan and Iraq.

### **Programme Cooperation**

Projects have long been considered to be the basic units of development cooperation, a donor country supporting, for example, a particular province of a partner country in the development of forest administration or in the construction of water and sewage systems. There is now an increasing movement away from project cooperation towards programme cooperation. In programme cooperation support is directed to entities that are bigger than projects: to the partner country's own development programmes, which can involve a single field of administration – for example the education sector – or directly to the partner country's development budget.

Programme cooperation is based on close cooperation between donors, and funds coming from different sources are often combined in the cooperation country's budget or a joint fund, a "basket". When Finland takes part in programme cooperation in Mozambique, it means that Finland sits at the same negotiating table around which the World Bank, the UN and other donors negotiate with Mozambique about the direction of the sector to be supported or the whole country's development programme. The donors require the receivers to have realistic programmes, transparent reporting, careful economic management and regular auditing.

From the point of view of the developing countries, programme cooperation means a significant easing of administration and a more rational allocation of resources. The administration and monitoring of individual projects funded by different donors is a burden on a developing country's administrative organs and officials. Fulfilling the "wish lists" of the various donors can lead to fragmentation and overlapping of projects. Accountability, too, is easier to ensure when the funds to be allocated are seen as the developing country's "own money", for which that country's decision-makers and civil servants will be held responsible by their own citizens.

Finland gives budget support to Mozambique, Tanzania and Nicaragua. There is joint funding for sectoral programmes in Ethiopia, Mozambique, Tanzania, Zambia, Nepal, Vietnam and Nicaragua.





# Multilateral cooperation

PERU, MARTTI LINTUNEN

Multilateral development cooperation means the channelling of assistance through international organisations. The most important of these are the programmes and organisations belonging to the UN, and the international development finance institutions. Just under half of development cooperation funds are used in multilateral assistance. Finland participates in the international organisations' decision-making, in their management and supervisory boards and other administrative organs.

The UN and its subsidiary organisations constitute an important channel for Finland's development cooperation. Most of Finland's UN assistance passes through four main UN organisations: the UN Development Programme (UNDP), the UN Children's Fund (UNICEF), the UN Population Fund (UNFPA), and the UN World Food Programme (WFP). In addition to these four, cooperation efforts are weighted towards organisations that are important for achieving the Millennium Development Goals. These particularly include the UN Educational Scientific and Cultural Organisation (UNESCO), The World Health Organisation (WHO), The International Labour Organisation (ILO), The UN Food and Agriculture Organisation (FAO) and the UN Environment Programme (UNEP).

The international development financing institutions provide credits and technical assistance for developing countries. They also carry out and finance studies related to development issues and disseminate the information obtained. The main development financing institutions that Finland supports are the World Bank group – which includes three specialist financing institutions as well as the World Bank itself and the International Development Association (IDA) – and the Asian, African

and Latin American Development Banks. As well as being involved in regional financing, Finland also participates in the International Fund for Agriculture Development (IFAD) and the Global Environment Facility (GEF).

In recent years the UN organisations and the development financing institutions have intensified their mutual cooperation. Thus, for example, the Millennium Declaration and the Millennium Development Goals have the full approval of the development financing organisations as well as that of the UN's own organisations.





# EU development cooperation

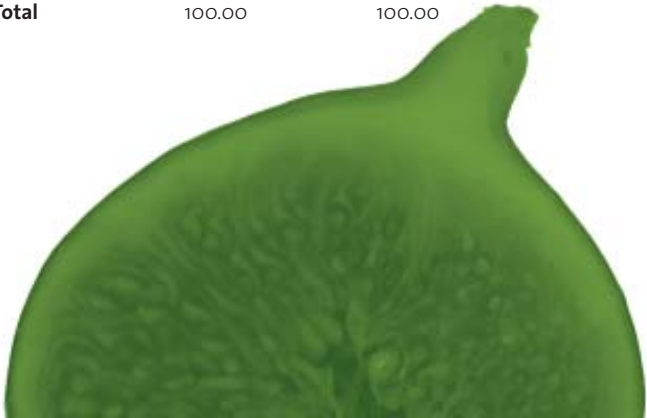
NEPAL, RAULI VIRTANEN

European Union development cooperation means both the development cooperation undertaken by the individual member countries themselves and that undertaken by the members acting jointly together. Joint development cooperation in the EU is looked after by the European Community (EC) and its executive organ, the European Commission. Taken together, the European Community and the EU member countries are the biggest donor of development assistance in the world.

EC development cooperation is financed through the Union budget and the European Development Fund (EDF). Finland is able to influence the contents and quality of Community development cooperation, and participates in EU decision-making about development cooperation and policy with regard to developing countries. The goals and policies of Community development cooperation are very like those of Finland's own development cooperation. Through EU development policy Finland is also able to take part in making decisions that it would be unable to influence on its own.

**Member Countries' Shares of the EU Budget and of the Ninth European Development Fund**

| <b>Member Country</b> | <b>Share of the EU's Budget 2003 %</b> | <b>Share of 9th EDF %</b> |
|-----------------------|--|---------------------------|
| Netherlands           | 5.88                                   | 5.22                      |
| Belgium               | 4.17                                   | 3.92                      |
| Spain                 | 8.88                                   | 5.84                      |
| Ireland               | 1.35                                   | 0.62                      |
| UK                    | 11.92                                  | 12.69                     |
| Italy                 | 14.06                                  | 12.54                     |
| Austria               | 2.31                                   | 2.65                      |
| Greece                | 1.83                                   | 1.25                      |
| Luxemburg             | 0.24                                   | 0.29                      |
| Portugal              | 1.55                                   | 0.97                      |
| France                | 18.12                                  | 24.30                     |
| Sweden                | 2.99                                   | 2.73                      |
| Germany               | 22.96                                  | 23.36                     |
| Finland               | 1.60                                   | 1.48                      |
| Denmark               | 2.13                                   | 2.14                      |
| <b>Total</b>          | <b>100.00</b>                          | <b>100.00</b>             |





# Humanitarian aid

NAMIBIA, MARTTI LINTUNEN

Humanitarian aid is assistance that is given to help people suffering because of natural catastrophes and armed conflicts. In 2003 there were over 30 wars and armed conflicts going on in the world, and every year there are 600-800 disasters that can be classified as natural catastrophes. The great majority of the victims are in developing countries. A particular problem is posed by what are known as extended crises, in which assistance is necessary for a number of years and even decades. Situations of this sort cause a tremendous amount of suffering and devour the means and resources of long-term development cooperation.

Areas suffering from chronic long-term humanitarian crises include the Middle East, Afghanistan and the Horn of Africa. Finland has supported UNRWA (the UN Relief and Works Agency for Palestine) helping Palestinian refugees in the Middle East, ever since 1952.

Finland has provided humanitarian aid to Afghanistan for more than ten years. Scarcity of water and rapid population growth have driven the Horn of Africa countries, Ethiopia and Eritrea, into decades of crisis. Millions of people in both countries need humanitarian food aid every year.

Humanitarian aid is always channelled through Finnish or international humanitarian organisations on the basis of their evaluations of their needs. Most is given to the poorest countries that are least able to get through a crisis using only their own resources. In recent years humanitarian aid has accounted for about 10-15% of Finland's development cooperation appropriations.

Finland's most important international humanitarian aid channels include the UN High Commissioner for Refugees (UNHCR), the World Food Programme (WFP), the UN Relief and Works Agency for Palestine Refugees

in the Near East (UNRWA), and the UN Children's Fund (UNICEF). The main Finnish organisations are the Finnish Red Cross Organisation and the Finnish Church's FinnChurchAid.





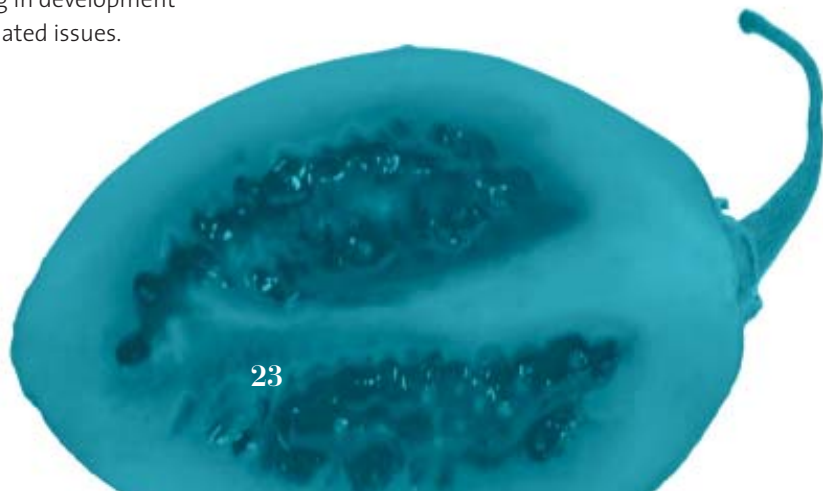
**Non-governmental organisations'  
development cooperation**

BANGLADESH, RAULI VIRTANEN

The work of non-governmental organisations (NGOs) is an important part of Finland's development cooperation. Finnish NGOs carry out development projects together with their developing country partners, improve Finnish people's knowledge about development and globalisation issues, and influence the formulation of development policy. NGO work broadens and deepens the interaction between Finnish people and the developing countries and the people living in them.

NGO projects mostly concentrate on developing the education sector and social and health services, and on population growth issues and strengthening civil society. Over half of the projects are located in Africa, but other regions are also well represented. Altogether there are projects in over 70 countries.

Finland's Ministry for Foreign Affairs finances NGO projects, and they are also required to finance part of each project themselves – about 10-20%, depending on the type of project. The Ministry also finances the work of KEPA, the Service Centre for Development Cooperation. KEPA is a service organisation for over 200 Finnish NGOs engaged in development cooperation. It supports the work of its member organisations and provides information and training in development cooperation and development-related issues.





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