



DEVELOPMENT POLICY PROGRAMME 2007

Towards a Sustainable and Just World Community

*Government Decision-in-Principle
2007*

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The aim of development policy should be to ensure that all development is environmentally sustainable. Egypt, Mark Henley/Panos Pictures

New challenges for development policy

1

Development policy is an integral part of Finland's foreign and security policy.

Development policy contributes to the global effort to eradicate poverty through economically, socially and ecologically sustainable development. This work is spearheaded by the United Nations (UN) and its specialised agencies, funds and programmes. Development policy is also part of the European Union's (EU) external relations, and Finland, as a member of the Union, is actively involved in fostering this policy.

The new millennium has witnessed a shift from a policy of development cooperation to a comprehensive approach to development. It is now recognised that changes are needed in all policy sectors that have an affect on developing countries. Bilateral and multilateral development cooperation is built on a principle of partnership between developed and developing countries. Conventional 'development aid' has been transformed into real partnership with the emphasis on developing countries' ownership of their own development.

Development policy should ensure that development in all countries is ecologically sustainable; therefore sustainable patterns of production and consumption must be promoted in both developed and developing countries.

Finland's development policy is formulated, planned and implemented by the Ministry for Foreign Affairs in close cooperation with



Solar cookers are an example of technology that uses renewable energy, which could benefit developing countries. Nepal. Photo: Chris de Bode/Panos Pictures

other ministries, non-governmental organisations (NGO), the private sector and Finnish society as a whole. The substance of the policy is guided by the Government's development policy programme.

Since the previous programme, adopted in 2004, new and growing development challenges have emerged.

The rapid economic growth in many developing countries induced by globalisation has increased demand for energy and natural resources, raising the prices of basic commodities substantially. For example, in recent years the prices of basic grains have risen for the first time in decades, and this is expected to continue. The process will have a major impact on the population in developing countries, especially on the poor, whether producers or consumers.

Extensive economic growth is also depleting non-renewable resources and accelerating their ecologically unsustainable exploitation, as well as contributing to climate change, loss of biodiversity and environmental damage. This undermines the very foundation of sustainable development. Shortages of natural resources and environmental degradation contribute to conflicts and complicate their resolution.

The new Government Programme addresses this trend, stating that Finland's development policy stresses to a greater extent the significance of climate change and environmental issues, crisis prevention and support for peace processes.

While the challenges faced by development policy have been growing, new solutions have also been developed. New forms of governance and more advanced technologies are being employed through broad international cooperation to combat climate change and other threats to the environment. These new technologies, including information technology and biotechnology applications, can also be harnessed to achieve ecologically sustainable development.

The globalisation driven economic growth impacts also the attainment of our development policy goals. Poverty has decreased spe-

cifically in those countries that have achieved good economic development. Other countries, especially in sub-Saharan Africa, need intensified development efforts. The importance of migration as an international development issue has also increased.

As a consequences of the far-reaching impact of globalisation on the lives of all human beings, we must try to build Global Governance by developing the international system of cooperation and agreements.

Finland has contributed to the debate on Global Governance also by launching a dialogue between developed and developing nations through the so called Helsinki Process. This work will be continued primarily by promoting sustainable development and supporting peace processes.

Actually, Global Governance means developing a comprehensive global policy, a policy for the world community. Foundation for this policy is created also through national and international debate on global ethics, discussing for instance the relationship between Human Rights and Responsibilities.

Also states have responsibilities and commitments towards their own citizens, the environment and other countries. The international fulfilment of these commitments creates the basis for our common security and development.

Progress towards democracy and the rule of law and the consolidation of human rights and a functioning civil society is a precondition for economically, ecologically and socially sustainable development. The simultaneous strengthening of development and security demands dialogue, coordination and cooperation between all the stakeholders involved.

The development of global policies: from collective security towards sustainable development

2



Sustainable development is a prerequisite for eliminating poverty. Vietnam. Photo: Jean-Leo Dugast/Panos Pictures

Global cooperation between the nations of the world is a relatively recent phenomenon which emerged after World War II with the foundation of the United Nations. Its predecessor, the League of Nations, set up after World War I, focused mainly on military security and even as such its influence remained relatively minor.

The United Nations was created by the winners of the war primarily as a system of collective security although right from the start it assumed functions related to development.

Security was already at that time understood broadly: development is a precondition for lasting peace. The United Nations Charter also expressed ideals shared by the whole of humankind.

The goals for development were laid down in Article 55 of the United Nations Charter, which stated that the aim of the United Nations was to promote higher standards of living, full employment, economic and social progress and development, and solutions to international



The sustainable management and use of renewable natural resources should form the basis to the financial management of every nation. Nepal. Photo: Hannamari Rinne

economic, social, and health problems, as well as other problems of this nature. The aim was also to further international cultural and educational cooperation, and universal respect for, and observance of, human rights and fundamental freedoms.

In order to further its development goals, the United Nations and its member states have set up various specialised agencies, funds and programmes. Along with multilateral development work, the UN's member states are engaged in bilateral development cooperation.

Since the 1960s, the United Nations has been setting quantitative targets for international development cooperation, not only in terms of total development assistance measured as a percentage of gross national income (GNI) but also in terms of the portion of this aid to be allocated to the least developed countries (LDC). Currently, growing attention is paid not only to the volume but also to the quality and effectiveness of aid. The 2002 Financing for Development conference in Monterrey resulted in an international commitment to increase funding for development, and action by developing countries themselves to improve their operating environment.

Official development assistance (ODA) has increased rapidly, nearly doubling during this decade alone. Its structure has also changed; new specialised vertical funds have been set up, donors collaborate more, and there is an increased emphasis on results and accountability. China and other fast-growing economies, together with some large private donors, are also contributing to development funding.

Donor countries within the Organisation for Economic Co-operation and Development (OECD) have drawn up rules on development cooperation which, for instance, define what

kind of aid can be recorded as official development assistance.

In recent years, growing attention has been paid to the relationship between trade and development. The World Trade Organisation (WTO) negotiations in Doha in 2001 (Doha Development Agenda, DDA) set a specific target of taking the special needs of developing countries — especially the LDCs — into account, developing a rules-based multilateral trading system, and ensuring that the liberalisation of trade has a beneficial impact on development.

Interlinkages between security, development and human rights have been increasingly emphasised in recent years. The Development Policy Statement by the EU in 2005 also stresses the importance of this comprehensive approach.

The United Nations Charter makes no mention of environmental problems. When the organisation was founded, these problems had not yet been widely recognised. However, rapid industrialisation and urbanisation started gradually to cause worsening environmental problems that made decision-makers aware of the need for action to mitigate them.

The UN's first international conference on the environment was held in Stockholm in 1972, during which the United Nations Environment Programme (UNEP) was set up. The Stockholm Conference launched a process towards the modern idea of ecologically sustainable development.

The main steps in promoting ecologically sustainable development have been taken since the late 1980s:

■ In 1987, the report of the World Commission on Environment and Development

(Brundtland Commission), *Our Common Future*, linked the environment with development. The main goal was ecologically sustainable development that meets the needs of the present without compromising the ability of future generations to meet their needs.

■ In 1992, the United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro forged a firm link between the environment and development. It approved the Rio Declaration on sustainable development and an action plan for achieving it (Agenda 21). Moves to implement this plan began both within the UNEP and in the United Nations Commission on Sustainable Development (CSD) set up under the United Nations' Economic and Social Council (ECOSOC). Countries committed themselves to ecologically sustainable development, to implementing justice, to reducing poverty and to special treatment for developing countries. The United Nations Framework Convention on Climate Change (UNFCCC) and the United Nations Convention on Biological Diversity (UNCBD) were both signed.

■ As agreed at the Conference in Rio, negotiations began on the formulation of a United Nations Convention to Combat Desertification (UNCCD), which took effect in 1996. The 8th Conference of the Parties to the Convention held in Madrid in 2007 approved a new strategy for 2008–2018, designed to ensure more effective implementation of the Convention. The aim is to prevent further soil depletion and desertification as a global problem, especially in Africa.

■ The Rio conference also launched the United Nations forest process, which led in 2001 to the establishment of the United Nations Forum on Forests (UNFF). In 2007 a legally non-binding instrument for international cooperation on all

the world's forests was drawn up to establish the framework for further work by the Forum and for the related Collaborative Partnership on Forests (CPF) for the period 2008–2015.

■ In 1997, the Kyoto Protocol was signed on the basis of the Rio agreement on climate change, assigning the signatory industrialised countries mandatory emission reductions on greenhouse gas emissions in 2008–2012. The Protocol allocated obligations relating to combating climate change on the basis of “common but differentiated responsibilities”, acknowledging the developing countries’ right to economic growth and allowing for cost-effective emission reductions through the so called flexible mechanisms. The Protocol endorses obligations laid down in the Climate Convention to finance national climate measures and reporting by developing countries, and to support the transfer of technology and other related steps. The protocol took effect in February 2005 and a ‘post-Kyoto’ climate regime is currently being discussed and negotiated.

■ The aim of the Biodiversity Convention is to achieve a substantial slowdown in biodiversity loss by 2010. At the Sustainable Development Summit in Johannesburg in 2002, the EU committed itself to a more ambitious target: to halt the rate of biodiversity loss within the EU by 2010. Implementation of the Convention is monitored regularly by its parties.

■ The United Nations Millennium Summit in 2000 approved a Millennium Declaration on development and the environment, which included the Millennium Development Goals (MDG) for progress in the eradication of poverty and protection of the environment.

■ In 2002, a Sustainable Development Summit was held in Johannesburg, preparations for which were made by the United Nations Commission on Sustainable Development. This meeting resulted in a plan for implementing sustainable development, which focuses on the eradication of poverty, changes in unsustainable patterns of consumption and production, the control of chemicals, and protection and management of the natural resource base essential for economic and social development.

■ The 2005 World Summit endorsed the commitments made in Johannesburg. The declaration approved at the summit stressed that in sustainable development three interrelated and mutually supportive components must be linked: **economic development, social development and environmental protection**. The following all-embracing goals and essential requirements for sustainable development were also defined: **eradication of poverty, changes in unsustainable patterns of production and consumption, and securing the natural resource base essential for economic and social development**.



Clean drinking water is important for promoting health – not only in rural areas but also in towns. Tanzania.
Photo: Mark Henley/Panos Pictures

3.1. Challenges at the global level

The principles of sustainable development must be followed throughout the world.

The human economy must be brought into harmony with the nature. The current Western patterns of production and consumption

cannot be applied everywhere. If all the mankind would live like American and Western European people, the global natural resources would be exhausted and the environment destroyed. Although technological advances are helping us in adapting our economy to the realities of the nature, we also need profound changes in those Western patterns of produc-

tion, consumption and living, which are now spreading all over the world. Ultimately, it is a question of the values we live by.

We will have to learn to rely more on renewable natural resources, to use all raw materials sparingly and to recycle efficiently. We must protect the environment from both pollution and climate change, and we must prevent further loss of biodiversity.

The economy can be adapted to the needs of the environment mainly through international environmental agreements and the relevant national policy instruments based on them. Therefore, for instance, the Climate Convention and its implementation at the national level are resulting in lower consumption of energy and natural resources and in an increase in the use of renewable energy sources. The coherent use of economic instruments such as taxation, subsidies and emissions trading is crucial in this respect. Finally, we must all learn to keep in mind the realities of the nature and to consciously seek ecologically sustainable ways of life.

While progress in industrialised countries has so far been guided by the desire for rapid material growth, in the future we must strive for a quality of life in which a safe, clean and pleasant environment, a healthy diet, mental well-being and good human relations play a significant role. Decent work should be available to all. We must pursue inclusive policies by eliminating poverty and evening out income differences.

Developing countries themselves have the power and responsibility to make decisions on their own development. The ownership of developing countries is emphasised in development policy. They can learn from the mistakes made by developed countries and avoid many prob-

lems they have suffered from. In turn, donor countries should tell in the development policy dialogue their views about good development. Donor credibility will be strong if we are ready to develop our own societies to the direction we expect partner countries to follow.

The most important goal of development policy is to eradicate poverty in line with the Millennium Development Goals which were set in 2000. A global development partnership should be created involving the public and private sectors in both developing and developed countries. Eradicating poverty is possible only if progress made in developing countries is **economically, socially and ecologically sustainable**.

3.2. Sustainability in development policy and cooperation

The three dimensions of sustainability are inextricably linked. We must achieve stable poverty-reducing economic development on an ecologically sustainable basis. For this to be possible, social conditions must be stable. This means having peace and security, well-functioning democratic governance, respect for human rights, inclusive social and cultural development, and action to fight corruption.

Experience has shown that favourable economic development is the best tool against poverty. International trade and integration into a rules-based international trade system, together with domestic reforms, can significantly accelerate economic growth in developing countries. If poverty is to be reduced, it is also important to influence national income distribution.

As the international trade system is developed further, the special needs of all developing countries, especially the poorest, must be taken



Wireless telephones and telecommunications links alone can bring economic growth and make people's lives easier in many ways. Tanzania. Photo: Mark Henley/Panos Pictures

into account. Ecological and social sustainability must also be goals of strengthening the link between trade and development.

It is important for the developing countries to use the opportunities offered by foreign trade to promote their economic growth and reduce poverty. There should be development in agriculture, industry and services. Economic growth creates new jobs, but at the same time we should ensure that basic labour standards are met and that decent jobs are created.

Every country ultimately depends on the sustainable use of its own natural resources. People's basic needs can be met by using renewable resources. Living nature can provide nearly everything we need for everyday life.

The sustainable management and use of renewable natural resources must underpin the

basis of the national economy in every country. The management, protection, utilisation and processing of these resources also provides a lot of work and sustainable employment.

Non-renewable natural resources must be used in a responsible way and protecting the environment.

Development is economically and socially sustainable specifically when it supports poor people and depressed areas. Reduction of poverty creates social sustainability and strengthens the economic base by harnessing all resources for its development.

Regional policy is of crucial significance for economic progress in developing countries. The sustainable use of natural resources from all regions and greater prosperity in the poorest areas are vital for a country's national economy. The development of regional centres and rural areas can also slow down the growth of megacities and their slums, and alleviate the associated environmental problems.

Modern technologies can accelerate the development in many ways. Modern communication technology and mobile phones alone generate considerable economic growth and make people's lives easier in many ways. Development cooperation should help developing countries to gain access to the latest technology, and specifically technology applied to their conditions.

If the UN Millennium Goals are to be achieved, it is vital to pay more attention to the effects of climate change. The poorest countries and small island states will suffer most from the damage done by climate change, but are the least able to adapt to it.

The latest technology can also help people in developing countries to protect their environ-



Improving the position of women and girls is one of the cross-cutting themes of Finnish development policy. Nepal.
Photo: Marja-Leena Kultanen

ment and repair the damage already caused. Developing countries must be supported so that they can participate in international climate policy and other international cooperation to protect the environment. They should also be helped to adjust to the effects of climate change.

Good education is the cornerstone of sustainable development. The development of education in developing countries should embrace both primary and higher education. Also, in the developing world, a nation's strength lies in culture and education that recognises its own

heritage and respect for human rights. Education and culture should extend to all population groups, as outlined in the global Education for All programme. Education for women and girls is particularly important.

Public health is important. Only people in good health can develop themselves, improve their living conditions, and create sustainable social environment. Special attention must be given to combating communicable diseases, to sexual and reproductive health and rights, to improving maternity and child welfare clinics, and to developing health services and primary health care. This will promote a sustainable population policy at a global and national level. Access to clean water and healthy food is essential for promoting good health.

Migration is a crucial development issue and must be studied from all perspectives. Developing countries are affected by internal migration, migration between developing countries, and migration to industrialised countries. We need to support the positive effects of migration while preventing its harmful impacts.

Social stability is a precondition for all development. In a crisis situation no progress is possible. We must pay particular attention to societies suffering and recovering from crises. Every effort must be made to prevent crises in advance. Comprehensive crisis resolution and a return to safe, peaceful conditions should be supported. Sustainable development depends on stability and security, progress towards democratic governance based on the rule of law, the consolidation of human rights – especially the rights of women – and support for the civil society. Development policy must strengthen security in the wide sense of the word.

Development policy should promote the establishment of democratic decision-making

and good governance in developing countries. The implementation of universal human rights is a prerequisite for development and should be promoted everywhere. Finland's development policy focuses on progress based on human rights.

Development can be considered economically, ecologically and socially sustainable when developing countries

- rely on their own natural resources for economic development, and particularly on renewable natural resources,
- systematically reduce poverty,
- aim at a high level of knowledge and education for the entire population,
- look after public health,
- adopt the latest technology suited to local conditions,
- integrate themselves into the international economy,
- protect their environment,
- maintain external and internal security,
- respect human rights,
- promote social equality,
- practise democratic decision-making and
- follow the principles of good governance and the rule of law.

3.3. Finland's development policy

Finland plays an active part in decision-making on international development policy in the United Nations, in international development financing institutions, in the OECD's Development Assistance Committee (DAC) and in the EU. In addition, we contribute to many other forums that deal with development policy.

The main goal of development policy is to eradicate poverty and to promote sustainable development in accordance with the UN Millennium Development Goals which were set in 2000.

The Millennium Development Goals

| | |
|--------|--|
| Goal 1 | Eradicate extreme poverty and hunger |
| Goal 2 | Achieve universal primary education |
| Goal 3 | Promote gender equality and empower women |
| Goal 4 | Reduce child mortality |
| Goal 5 | Improve maternal health |
| Goal 6 | Combat HIV/AIDS, malaria and other diseases |
| Goal 7 | Ensure environmental sustainability |
| Goal 8 | Develop a global partnership for development |

All action affecting development and the environment must follow the principles of sustainable development in a consistent manner.

Finland strives to ensure that all the work done in various forums to promote ecologically sustainable development, preserve biodiversity, combat climate change, prevent desertification and depletion of the soil, and to protect the environment forms a cohesive whole and has an effective impact on all development in both the developed and the developing world.

The following cross-cutting themes are supported throughout all Finnish development policy:

- promotion of the rights and the status of women and girls, and promotion of gender and social equality;
- promotion of the rights of groups that are easily excluded, particularly children, persons with disabilities, indigenous peoples and ethnic minorities, and the promotion of equal opportunities for participation;

- combating HIV/AIDS; HIV/AIDS as a health problem and as a social problem.

Cooperation and coordination between all donors must be increased in international development policy. This will prevent overlapping functions and increase coherence.

Finnish development policy is founded on the respect for and promotion of human rights. Democracy and other preconditions for development can be strengthened by pursuing an active human rights policy. Human rights are one key focus of our foreign, security and development policy and are furthered in a coherent manner in bilateral, multilateral and EU cooperation. Human rights are universal. Promoting social equality and women's rights and entrepreneurship is of vital importance for well-being and stronger democracy in developing countries.

Finland stresses a wider security concept which strengthens the link between security, development and human rights. Strengthening security requires extensive international cooperation and decisive national action across administrative boundaries.

Finland endorses the United Nations' role as the most important actor in international development policy. Within the UN, the aim is to unify all action to promote sustainable development. In development cooperation, we support the UN's strong position both in individual countries and globally. We support the internal reforms within the UN aimed at increasing the organisation's effectiveness.

In 2005, the European Union approved a joint statement on development policy called the European Consensus. The Union's common objective is eradication of poverty in the context of sustainable development. The EU has a key

part to play in international development policy and environmental protection.

Finland supports strengthening the global role of the EU and underlines the importance of development issues and the coherence and effectiveness of EU action. Finland strives to influence the substance of EU's development policy on the basis of the principles jointly agreed internationally and within the EU. The Union is already the world's largest provider of development assistance and the main trading partner for developing countries.

Within the sphere of international climate policy and other environmental policy, the EU has been a forerunner in the industrialized world. Finland aims to have the concept of ecologically sustainable development integrated into all the internal and external actions of the EU.

3.4. Finland's development cooperation

In its own development cooperation, Finland pursues goals and approaches jointly approved in the United Nations and the EU.

The eradication of poverty and ecologically sustainable development are the most important objectives of Finland's development cooperation according to the Millennium Development Goals agreed jointly in the United Nations.

Finland promotes economically, socially and ecologically sustainable development, and places particular emphasis on the importance of issues relating to climate and the environment. At the same time, we stress crisis prevention and support for peace processes as an important element in promoting socially sustainable development.

The Finnish Government will ensure that its development cooperation appropriations will take Finland towards the 0.7% of GNI set by the UN. Finland is committed to reach the 0.51% minimum figure set by the European Council in 2005 for the EU-15 by 2010, and to reach 0.7% by 2015.

To ensure the effectiveness of its development cooperation, Finland became one of 150 countries and multilateral organisations to sign the 2005 Paris Declaration, which aims to build closer cooperation and harmonisation among donors and partner countries.

Finnish development cooperation focuses on areas where Finnish expertise and experience can be best used to support partner countries' own development programmes. Development cooperation is planned jointly with the partner country on the basis of its development plans and ownership.



The fast-growing *Jathropa Curcas* tree is a suitable raw material for biodiesel. Kenya. Photo: Antti Erkkilä

Examples of development cooperation promoting sustainable development

Finland's development cooperation policy maintains that poverty can be effectively and permanently eradicated only through sustainable development. Also action strengthening ecological sustainability aims at direct and indirect reduction of poverty and prevention of people being caught up in a cycle of poverty.

The following examples show how comprehensive and systematic action to eradicate poverty can take place in practise:

1. Environment

The developed and developing countries are parties to a number of key multilateral environmental agreements which cover, for example, climate change, protecting biodiversity, combating desertification, and the international control of chemicals. Implementing and complying with environmental conventions demands huge efforts from poor countries, not least in developing their environmental administration, reporting systems and monitoring mechanisms. The objectives of these multilateral agreements are extensive, and supporting their fulfilment in developing countries also furthers the achievement of the United Nations' Millennium Development Goals. Meeting the requirements of the conventions on waste and chemicals, for example, often promotes health and sanitation targets, and fulfilling the climate convention targets makes it possible to improve air quality as well as reduce greenhouse gases.

Helping developing countries to implement international conventions on the environment is a long-term investment not only in creating sustainable national development policies but also in achieving international environmental targets. To achieve development goals, the objectives of the environmental conventions must be incorporated into



poverty reduction strategies and other development planning. Cooperation is planned jointly with partner countries, underlining local ownership and coherence.

Environmental programmes and projects can cover a wide range of issues, including the sustainable use of renewable natural resources, models of urbanisation, sustainable patterns of production and consumption, the adoption of clean technology, waste management, the creation of environmental management systems, and the monitoring of environmental quality. This is a way to improve the quality of people's local environment, occupational health and livelihood.

Ecological effectiveness can be increased by integrating environmental considerations into development cooperation at both the programme and

project level. The aim should be to reduce adverse environmental impacts throughout the lifespan of all activities. The long-term goal should be carbon-neutral development cooperation.

2. Energy

Energy is a key factor in combating climate change. Finland supports programmes and projects that focus on saving energy, increasing energy efficiency and producing renewable energy. These types of projects should specifically target poor countries and regions. The production of renewable energy, especially bio, solar and wind energy, provides work and income for the local population. Bio-energy projects can be linked with the promotion of sustainable forestry, which involves the use of wood from thinnings and logging residues in power generation. Local production of renewable energy and linking it with forestry generates sustainable economic growth.

3. Forests

Forestry has a vital role in combating climate change. Forests in a natural state are needed everywhere to preserve structural carbon sinks. The creation of carbon sinks for climate policy reasons can be achieved by managing production forests sustainably.

Some 30 per cent of the world's land area is covered by forests. A sufficient part of these forests should be protected to preserve biodiversity, but others can be used for sustainable forestry.

Sustainably managed forests grow faster and capture more carbon than forests in a natural state. Managed forests provide timber for construction and the wood industry. All this takes carbon out of the cycle. Developing forestry eliminates poverty directly and, at the same time, generates sustainable economic development, which eliminates poverty indirectly. Finland supports agroforestry development as a means to combine poverty reduction with biodiversity preservation.

The development of forestry and energy production are also linked to social sustainability. Social stability, organised land ownership and functioning legislation are preconditions for development in these fields. At the same time, economic growth and poverty reduction are crucial for enabling favourable social development.

4. Agriculture

Agriculture is based on the management and use of renewable natural resources. Farming and animal husbandry provide food, fibres and leather for clothes, raw materials for pharmaceuticals, and energy. Strengthening national food production and the whole food supply chain reduces malnutrition and other health hazards arising from a homogeneous diet. In many countries, farmers get additional income from forestry, fishing, hunting and gathering natural products. Additionally, providing tourist services can become a source of extra income for farmers and rural communities.

Agro-processing industries provide jobs and diversify economic life in rural areas. Successfully functioning rural areas are important for promoting social stability throughout the world.

Agriculture must be developed in an ecologically sustainable manner. Projects and programmes should focus not only on agriculture and other rural occupations but also enable training, logistics, health care and other services to be developed.

5. Water

Ensuring access to clean water and appropriate treatment of sewage are preconditions for reducing poverty and promoting health in many developing countries. Competition for insufficient water resources often provokes conflicts within and between countries. Water projects can eliminate poverty, promote economic development, protect the environment and avert conflicts.

6. Regional policy

In many developing countries, serious economic, ecological and social problems are caused by migration from poor areas to big cities, where people often end up in slums. When rural areas are losing their population their natural resources are underutilised. Meanwhile, growing mega-cities need water, energy and food that are transported over great distances and generate enormous environmental and waste problems. Slum residents live in deep poverty and they have huge social problems.

The regional policy traditionally followed in the Nordic countries and the EU's cohesion policy provide examples of how regional development can and should be promoted. By developing rural areas it is possible to eliminate poverty, ensure the sustainable management and use of renewable natural resources and at the same time prevent people from drifting into big city slums. As well as striving to improve the viability of village life in a variety of ways, it is important to develop regional centres that provide local people with jobs and services. The Millennium Villages and Cities established in some developing countries provide a good example. In big cities, the focus should be on improving the living conditions of slum-dwellers.

Regional policy supports sustainable development in all its forms. It eliminates and prevents poverty in rural areas and big cities, and guides development in an ecologically sustainable direction. It also advances social sustainability. Regional policy programmes and projects should incorporate the promotion of education and health care. Reinforcing regional and local government is an important part of better regional policy.

7. Trade

The private sector and entrepreneurship play a key role in economic development in developing countries. Progress in business, industry and commerce is supported through Aid for Trade. Private sector

development and creating an environment that supports the market economy increases the use of developing countries' own economic resources and promotes the creation of decent jobs.

Development cooperation must support the ability of partner countries to engage in trade negotiations and benefit from existing agreements. Projects and programmes are also needed to help developing countries to export their products and increase added value.

8. Information society

Development based on knowledge, know-how and innovation is sustainable economically, socially and ecologically. A knowledge-based economy mainly concerns the production and trade of immaterial goods and generates economic growth without consuming natural resources or ruining the environment. At the same time, a knowledge-based economy also develops new sustainable modes of production and operation for natural resource-based sectors.

Information and communication technology can decisively help promote economic and social development in developing countries — eliminating poverty, increasing people's well-being, improving access to services and raising economic productivity. Strengthening the information society and free access to information are also vital in promoting democracy and freedom of expression.

A sustainable information and knowledge society cannot be created merely by exporting technology to developing countries; the countries must be helped to develop a knowledge society strategy suited to their own conditions.



The industrialised countries must bear main responsibility for the development of environmentally sustainable production and consumption practices. Photo: Timo Jaakonaho/Lehtikuva

4.1. Coherence

Policy coherence for development requires that the strategies and actions in all policy areas support the goals of development policy in eradicating poverty and in sustainable development. Coherent development policy must strive to achieve, through concrete measures, the objectives of internationally agreed and nationally accepted agreements.

Development policy promotes the implementation of sustainable development in a comprehensive and consistent way throughout the world. The developed countries should bear main responsibility for developing ecologically sustainable patterns of production and consumption.

The Finnish Government gives increasing consideration to the effects of various policy areas

on development policy goals and strives to make decisions that promote the attainment of these goals. To strengthen policy coherence for development, the effects of various policy decisions will be assessed in all programmes and reports which specify Finland's priority axes in issues that have an effect on development. The main focus will be on trade and development, rural areas and rural development, and the relationship between poverty and the environment.

Development cooperation must strive to eradicate poverty and to achieve ecological sustainability in a consistent way in accordance with the Millennium Development Goals. Eco-

nomically, socially and ecologically sustainable development is the only path to eradicating poverty.

Finland is working to ensure that policy coherence for development is followed in the United Nations and other international bodies, in the EU and at the national level. The EU should follow sustainable development principles in all its external and internal actions. The importance of ecological sustainability will be stressed in the implementation of the national strategy on sustainable development, which was approved by the Finnish Government in 2006.



Finland's development cooperation is based on partner countries' own poverty reduction and development plans. Kenya. Photo: Antti Erkkilä

4.2. Complementarity

Finnish development policy is implemented bilaterally, at the EU level, multilaterally, and in cooperation with NGOs.

Finland supports a strong multilateral system and aims to enhance the development efforts of the United Nations and the effectiveness of its multilateral actions.

As a Member State of the EU, Finland is committed to the Union's common development policy strategies and agreed best practices. Finland supports their implementation in its bilateral cooperation and in all EU operations. Through the EU, Finland supports developing countries also in regions and areas where it does not operate bilaterally.

In its partner countries, Finland takes into account the wider framework of all these aid delivery channels. Finland contributes to the work of the European Commission and international organisations at the country level.

Donors are developing new methods for development funding ('innovative financing mechanisms'). The Finnish Government stresses the importance of traditional official development cooperation, but at the same time contributes actively to the international debate on the new mechanisms. These should complement official development cooperation, and funding from innovative mechanisms should be channelled primarily using existing aid delivery channels.

4.3. Effectiveness

Development cooperation underlines the importance of effectiveness, the division of labour between donors, and ownership by

the developing countries themselves. Simply spending more money will not achieve sustainable development and the Millennium Development Goals; operations must also be made more effective. Finnish development cooperation builds on the partner countries' own poverty reduction and development strategies. The content of development cooperation is decided jointly with partner countries.

Finland promotes more effective development funding in both bilateral and multilateral cooperation and strives to influence the country programmes of international financing institutions and United Nations organisations in accordance with its own development policy focus. The predictability of Finnish development funding will be improved in order to boost its effectiveness.

Together with its partner countries and other donors, Finland aims to identify the areas in which it has a comparative advantage. We underline the importance of utilising Finnish expertise and experience to support the partner countries' own development programmes.

In order to promote the effectiveness of Finland's development cooperation, the Government is committed to the Paris Declaration and to improving national decision-making and administrative guidelines. The Government stresses the importance of effectiveness in policy guidance, operational planning and country-level programming, and in monitoring. The planning and implementation of operations will draw on the findings of the follow-up to the Paris Declaration.

By ensuring the high quality of its development activities, the Government will guarantee predictability, consistency and the responsible use of Finnish taxpayers' money.

5 Structure of development cooperation



Tanzania is one of Finland's long-term partner countries. Finnish NGOs also carry out diverse cooperation with their local partners. Photo: Marja-Leena Kultanen

In development cooperation, Finland operates bilaterally, regionally, multilaterally, with NGOs and the EU. We are part of a broader international donor community and Finnish support extends to every part of the world through the multilateral system, the EU and NGOs.

Finland supports joint programming within both the EU and the broader donor community. We seek involvement in coherent cooperation schemes which create synergies and give us the opportunity to ensure that donor resources are targeted in line with our own development policy objectives. In the allo-

cation of funding, the various commitments made by Finland are taken into account, the most important being the 2005 decision by EU countries to channel at least half of the increase in the Union's development funding to Africa. The percentage of Finnish official development assistance going to the least developed countries will be increased.

To improve effectiveness, efforts are being made to organise Finnish development cooperation into larger entities focusing on specific countries, regions and themes.

5.1. Multilateral cooperation

The most important ways in which Finland's multilateral cooperation can influence development are through its involvement in policy guidance of partner organisations, funding development programmes, and thematic cooperation. The latter also increases the complementarity of multilateral and bilateral cooperation and contributes Finnish added value to multilateral cooperation.

Cooperation between the Ministry for Foreign Affairs and other key governmental bodies and the civil society on multilateral issues will be improved. Finland will prepare an overall policy for multilateral cooperation to cover the entire government administration and other actors. The allocation of multilateral funding will also be reviewed in the document.

The priority areas of multilateral cooperation are the reform of the United Nations, the development of the multilateral agreement system and creating a comprehensive international development architecture. The links and continuum between the various elements of wider security, humanitarian assistance and other forms of development cooperation are

being strengthened. Finland supports peace processes and peacebuilding through development policy by allocating funding among others for strengthening the UN's Rule of Law work and the activities of the Peacebuilding Commission and Fund.

Ensuring more efficient UN operations in the humanitarian, development and environment areas is a crucial part of the organisation's extensive reform process. The Finnish Government



Finland is part of the international donor community and our aid reaches almost all parts of the world through the multilateral system and the EU. Photo: ECHO/ A Adrian Sullivan



In many developing countries the supply of clean water and appropriate treatment of waste water is a basic prerequisite for reducing poverty. The photo shows an old open sewer that is being covered in downtown Haiphong in Vietnam.

Photo: Jari Tenhunen

supports the ‘One UN’ principle, according to which the whole UN system is represented in developing countries by a single actor. Finland supports the efforts and measures to harmonise and simplify the UN system, which are being carried out, for instance, within the Economic and Social Council (ECOSOC), in the triennial comprehensive policy reviews, and in the executive boards of operative agencies, at the UN headquarters and in the field.

Currently, Finland allocates most of its funding for UN organisations to four key actors: the United Nations Development Programme (UNDP), the United Nations Children’s Fund (UNICEF), the United Nations Population Fund (UNFPA) and the World Food Programme (WFP). This funding is based on multi-year commitments.

As part of the efforts to improve the UN’s administrative system for environmental matters, Finland considers it important to strengthen and

intensify the work of the United Nations Environment Programme, with the aim of transforming the UNEP into the United Nations Environmental Organisation (UNEO).

Finland allocates its thematic funding to UN organisations specifically for strengthening developing countries’ economic capacity and ability to negotiate and implement trade agreements, and for combating global threats to human health. Funding focuses on programmes and projects that promote ecologically sustainable development.

The Government underlines the importance of international financing institutions, in addition to the EU and the UN system. Besides influencing the decision making, Finland contributes to international financing institutions by allocating its funding and other resources in accordance with its development policy priorities. Finland provides untied core funding to the International Development Association



(IDA) of the World Bank Group and the African Development Bank (AfDB), primarily for concessional lending. We continue to work with the Asian Development Bank (AsDB) and Inter-American Development Bank (IADB).

Thematic cooperation with development financing institutions highlights issues relating to the environment, natural resources and the climate, and to good governance and human rights. We also aim to strengthen ownership by developing countries themselves and to promote pro-poor economic growth. Finland is in favour of increasing ways for the poorest developing countries to be able to exert an influence on financing institutions' decision-making.

Finland continues to support the efficient implementation of developing countries' debt management programmes. Growing attention is being paid to ensuring debt-sustainability, responsible borrowing and lending, and debt management capacity.

5.2. The European Union

Development policy formulation within the EU is an essential framework for Finnish development policy influence. The EU provides more than half of the world's official development assistance and is also the most important economic and trading partner for developing countries. Together with its Member States, the Union also plays an important role in many international organisations, such as the United Nations, the World Trade Organisation (WTO) and international financing institutions. The Union is thus a major global player. Finland works to strengthen the EU's role in international organisations and forums.

Development cooperation is an area of shared competence between the European Community and its Member States, where Community development cooperation complements that pursued by the individual countries. The EU Development Policy Statement, the Euro-



Health care is part of the overall cooperation in Nicaragua.
Photo: Outi Einola-Head

pean Consensus from 2005, strengthened the Union's commitment to reducing poverty and promoting sustainable development. Finland stresses that implementation of the Statement must always take ecologically sustainable development comprehensively into account. The EU is increasingly addressing the link between security and development, and working to advance coherence between the various policy instruments and to maximise their combined effect.

Finland actively participates in the preparatory work on common development policy strategies in working groups of the European Council on the basis of the priorities of the development policy programme. We underline the implementation of the strategy for Aid for Trade policies, promote development aspects of trade policy, pursue a comprehensive approach to development and security,

and that follow the principles of sustainable development. The aim is to ensure the fulfilment of both international and EU commitments in all EU actions. Finland supports not only the formulation of the EU's development policy agenda but also the Union's role in leading the way in international development policy. Internal cooperation within the EU must be intensified to ensure that the Union's policy initiatives generate added value for international processes (e.g. in the United Nations and the Development Assistance Committee of the OECD). Overlapping functions and structures should be avoided.

Finland will work to monitor development funding commitments at the EU level (including the increase and allocation of official development assistance, development funding for Africa, and Aid for Trade). In addition, Finland promotes the effectiveness of development cooperation, especially through improved division of labour and complementarity. Policy coherence for development will remain a key focus of Finland's work within the EU, for instance by making use of the Union's joint progress reports and giving priority to the most important sectors with respect to the impact on development.

Finland, like all member states, influences the implementation of Community aid through active participation at the country level and in the work of committees. Finland emphasises the importance of implementing development policy strategies in a systematic way in all geographical regions and under all thematic headings.

5.3. Bilateral cooperation

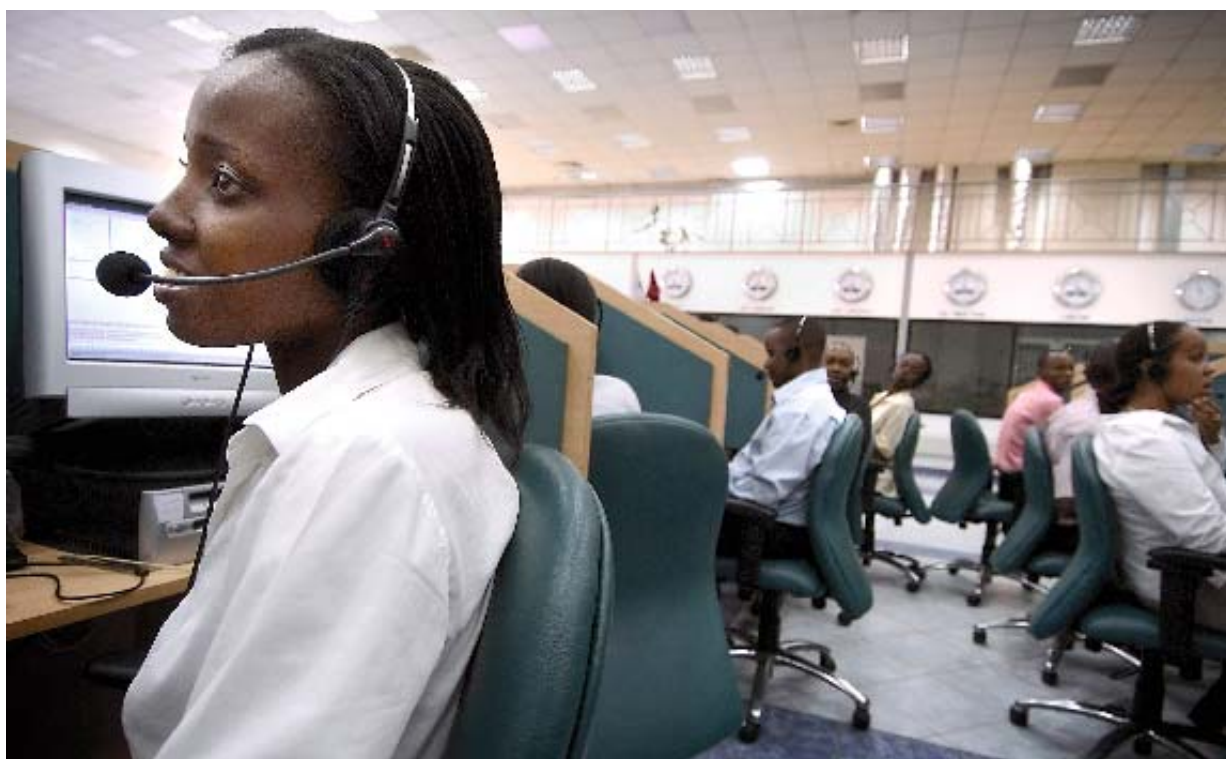
Finland will continue its bilateral **programme-based cooperation** in the forestry, water, environment, energy, education and training, health,

and regional and rural development sectors, among others. This cooperation stresses the promotion of sustainable, especially ecologically sustainable, development. In dialogue with other donors and partner countries, Finland promotes the implementation of sustainable development in the partner countries' own activities and strategies. As part of programme-based cooperation Finland uses budget support as one instrument in countries where this is feasible. The role of budget support in our development cooperation will be considered in the near future.

Improved public sector management, transparency and public monitoring are both preconditions for and consequences of programme cooperation. Whenever the level of governance permits, Finland uses the partner countries' own

administrative systems and helps to strengthen the management of public-sector finances.

Project cooperation remains an important form of cooperation. It is particularly significant in countries where management systems are not conducive to programme-based cooperation. Finland can also supplement its programme cooperation work with project cooperation underlining important themes. Project cooperation provides an opportunity to utilise Finnish know-how and expertise. When appropriate, Finland prefers co-financing with other donors and making use of new cooperation opportunities between donors. Finland strives to avoid overlapping functions with well-established operations of the local administration.



Finland stresses the implementation of development cooperation policies that support trade. Kenya.
Photo: Sven Torfinn/Panos Pictures



Thematic cooperation is directed towards promoting sustainable forestry, for instance. Kenya. Photo: Antti Erkkilä

Funds for local cooperation are an efficient way for Finnish embassies and other missions to assist different actors in various countries. The level of financing available depends on the needs, priorities and capacity of the individual embassy.

The Government will create a new instrument to fund **cooperation between institutions**. One particular aim is to strengthen cooperation between universities and research institutes.

Finnfund (Finnish Fund for Industrial Cooperation Ltd.) projects have an important development objective, specifically to increase the production capacity of developing countries.

The business partnership programme is establishing itself as a channel for cooperation between the Finnish business sector and companies in developing countries. It allows Finn-

ish businesses to contribute to development cooperation in their own special fields.

Concessional credits are used primarily for environmental and infrastructure investments under national development programmes. When they are granted, care is taken to ensure that they do not distort local markets or reduce the competitiveness of local or other suppliers in partner countries. The instructions on and assessment of concessional credits are currently being reviewed to ensure that projects genuinely support productive cooperation and participation in projects by companies in the partner countries.

The Government is increasing funding for the secondment of **Finnish experts** in international organisations and bodies at all stages of their professional careers. This is to ensure continu-

ity when experts and administrative officials leave their posts. This will also help to build up development policy know-how in Finland.

The Government is also investigating the need to devise new instruments in response to changing approaches in development cooperation. Matters to be studied include financing for high-risk developing country investments, public and private partnerships, and flexible financing models in situations where some aspect of the operations does not meet OECD criteria for official development assistance.

5.4. Partners in bilateral cooperation

Finland engages in bilateral development with countries where development policy targets can be effectively promoted. When planning and in programming cooperation, the following factors are assessed:

- the country's need for assistance: poverty level and the state of environment
- support already received: action by other donors and level of development funding, joint programming processes, role of multilateral actors and the EU
- the country's political situation and ownership: the human rights situation, own commitment to deal with development challenges and to build an enabling environment for development, the role of the civil society
- the added value provided by Finland and its administrative capacity for successful cooperation
- the status of Finland's development policy priorities in the country's development plans.

Long-term partner countries

In its long-term partner countries, Finland is committed to far-reaching, result-oriented coopera-

tion based on the countries' own needs, on their strong national leadership and on their development plans, complementing support from other donors according to its own priorities.

In some long-term partner countries, Finland concentrates on programme-based cooperation and political dialogue with the rest of the donor community and the partner country itself while also contributing to delegated cooperation. All this calls for a strong presence in the country. In these countries Finland may also provide budget support. In order to increase effectiveness, we aim to be the lead donor in programme-based cooperation in the key sectors for Finnish cooperation.

Our long-term partner countries are Ethiopia, Kenya, Mozambique, Nepal, Nicaragua, Tanzania, Vietnam and Zambia.

In these countries, a multi-annual participation plan is drawn up. In countries where joint programming processes are well advanced, these plans are based on the relevant joint programming document's provisions concerning Finland. Finnish cooperation as a whole is scrutinised at regular intervals under the participation plan.

Partner countries recovering from violent crises

Several of Finland's partner countries are currently in a state of conflict or are recovering from such a crisis. Support for these countries calls for a comprehensive approach and partnership in which military and civilian crisis management on the one hand and development cooperation and humanitarian assistance on the other are coordinated to achieve the best possible overall effect. The forms taken by development cooperation in societies experiencing a violent crisis must be carefully chosen and different methods must be used at differ-

ent stages. Post-conflict cooperation must focus specifically on stabilising conditions by supporting the peace process.

In these countries, Finland concentrates mainly on supporting crisis resolution and stabilising conditions. Humanitarian assistance may also be given. In these areas and countries, we work in close cooperation with the EU, other multilateral actors and bilateral donors.

These partner countries and areas are currently Afghanistan, Bosnia and Herzegovina, Kosovo, Sudan and the Palestinian Territories.

Cooperation of limited duration

Finland provides cooperation of limited duration in countries which need special international support, for instance because of natural disasters or social upheaval. Decisions to provide such cooperation are motivated by a sudden rise in the need for aid. Operations must be carefully planned to ensure that fluctuating assistance levels do not cause instability.

This cooperation is based on a thorough plan which specifies the goals, channels and duration of assistance, and options for cooperation after the planning period. Cooperation may be linked to the start-up stage of thematic cooperation or the transition from programme-based cooperation to other forms.

A good example of limited-duration cooperation is the assistance given to countries affected by the South-East Asian tsunami and the earthquake in Pakistan, or the support given to South Africa as it made the transition to majority rule.

Regional and thematic cooperation

Thematic and regional cooperation complements other channels of assistance.

Thematic cooperation focuses on sectors of specific importance to Finland, especially on the promotion of sustainable development. Examples of such programmes and projects can be found in the sustainable forestry and forest industry, cooperation in the water sector and on the environment and climate, developing the information society, consolidating trading capacity and promoting social stability, crisis prevention and support for peace processes. Efficiency and effectiveness are ensured by specialising in areas where Finland can offer particular competence.

Thematic cooperation usually takes place on a regional basis. Regional cooperation should always have a distinct sectoral focus and aim at regional integration. It is important for operations to have a specific regional and cross-boundary approach.

Regional cooperation plans assess the various regional actors and the themes and objectives of the cooperation. This takes place in close collaboration with regional organisations and multilateral institutions.

At the moment, Finland's main regional cooperation targets are the Mekong river region, Central America, the Andean Community, southern Africa, the Horn of Africa, the Western Balkans, the Southern Caucasus and the Mediterranean regions. Aid will also be provided to African, Caribbean and Pacific states supporting the implementation of the Economic Partnership Agreements (EPA). Preparations are being made to strengthen cooperation in Central Asia.

Selection of partner countries

At the beginning of a new programming period, the Finnish Government prepares a comprehensive review of all its key partner coun-



Current development needs must be met without undermining the opportunities of future generations to meet their own needs. Peru. Photo: Matti Nummelin

tries including Finland's role and added value as part of the donor community, the countries' need for assistance, and the need for continuing cooperation. In the case of Vietnam, for instance, the review assesses whether the country's rapid economic growth justifies a transition from long-term inter-governmental cooperation to other forms of cooperation. A country which has already received assistance for a long time can also be classified as a long-term cooperation partner if an analysis of the situation supports this. The review will also study the needs and possibilities for cooperation in new partner countries.

Changes to Finland's development cooperation in partner countries cannot be sudden or unforeseen. Whenever a transition is made to new forms of cooperation with a long-term partner, the changes are made in a responsible and systematic manner. When intergovernmental cooperation is reduced, a transition strategy is drawn up for the next few years jointly with the partner country to examine the new content of the cooperation and how far other donors can fill the gap in areas of cooperation important to Finland. When changes are made, the Government observes the best practices approved by the EU Council in 2007.

Many of Finland's development cooperation instruments – such as thematic cooperation, NGO support, funds for local cooperation, concessional credits and the business partnership programme – can be used also outside the main partner countries.

5.5. Non-Governmental Organisations

A new Government policy on Non-Governmental Organisations (NGO Development Cooperation Guidelines) was approved in 2006. NGOs have an important role to play in Finnish development policy overall. Their work complements official development cooperation on a bilateral, multilateral and EU basis. The special value that NGOs can add is their direct contacts with the grass-roots level and their valuable work to strengthen the civil society in developing countries.

In development cooperation with NGOs, the Government strives to boost the effectiveness of operations and the NGOs' general capacity while also raising the quality and effectiveness of development cooperation by providing training.

In their own development cooperation programmes, NGOs should enhance, whenever possible, implementation of the principles contained in the Government Programme and in the development policy programme. Cooperation among NGOs should be encouraged.

5.6. Humanitarian assistance

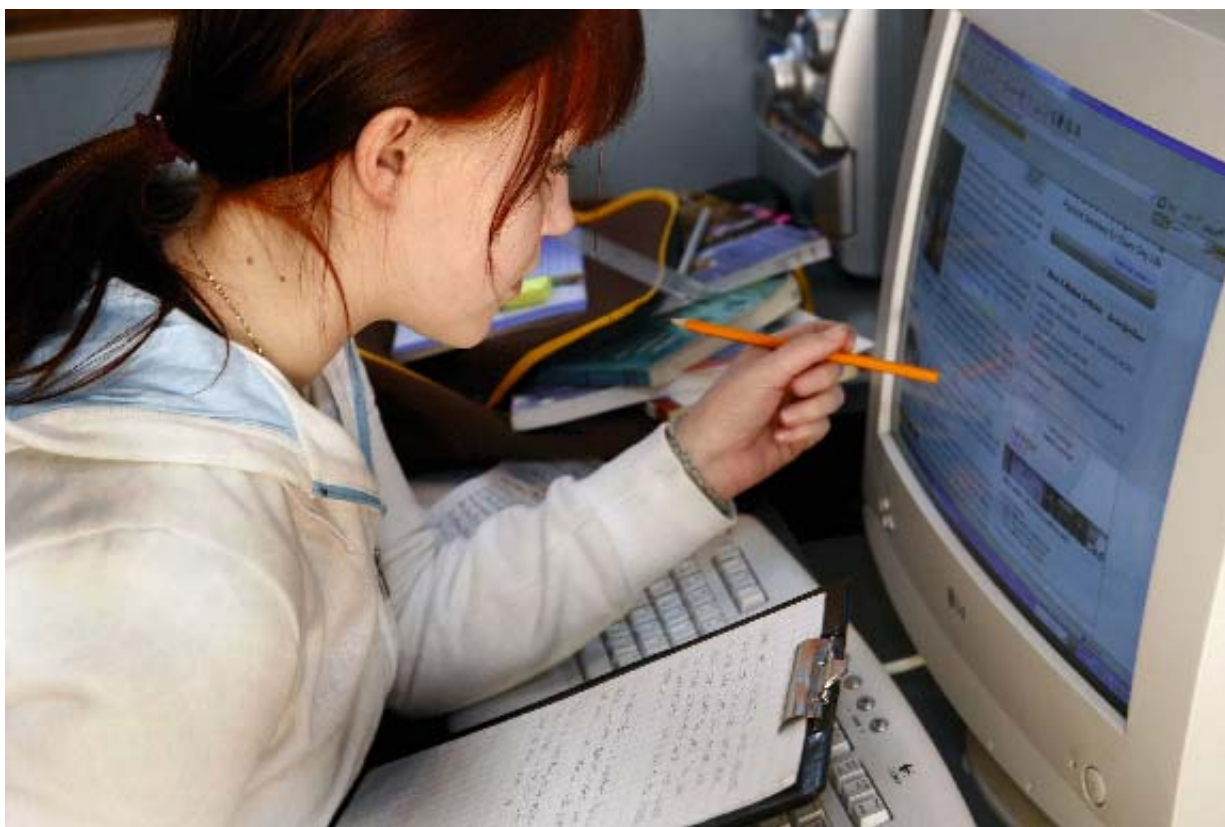
Finland's humanitarian assistance is based on the 23 principles of Good Humanitarian Donorship (GHD) subscribed to by Finland and the other OECD countries. The nation-

al plan drawn up for this purpose sets out the strategies for humanitarian assistance. The fundamental principle of GHD is to provide funding in proportion to need, based on proper needs assessments.

Finland complies with the basic premises of humanitarian assistance which are laid down in international humanitarian law, international human rights agreements and international laws on refugees. Humanitarian assistance observes the key principles of humanity, impartiality, neutrality and independence. Finland promotes compliance with these principles in the EU and worldwide.

Finnish humanitarian assistance mainly takes the form of multilateral cooperation, UN agencies and major Finnish NGOs being most important channels for the assistance. Finland supports both the leading role of the United Nations in providing humanitarian assistance and the reform of the organisation's humanitarian assistance system. Finland complies with the humanitarian assistance guidelines approved in 2007, which are based on Good Humanitarian Donorship principles.

Climate change, urbanisation and population growth have increased countries' vulnerability to natural disasters. Finland stresses the importance of assessing the environmental impact of humanitarian assistance and of giving full consideration to age and gender issues. Particular attention is given to the special needs of women and children. The link between wider security concerns, humanitarian assistance and other development cooperation must be strengthened. Humanitarian mine action creates the preconditions for development and supports the notion of linking relief, rehabilitation and development.



Development cooperation administration is being developed to meet the new challenges in development policy.
Photo: Marja Airio/Lehtikuva

6.1. Organisational changes

New modalities in development cooperation also require new and innovative approaches in administration. Embassies play an increasing role in donor cooperation, and donors participate and influence local joint

programming processes. This has resulted in the need to adjust the division of tasks between Finnish embassies and ministries and a need for decentralisation. The role and responsibility of embassies in the management of development cooperation will be increased.

The Ministry for Foreign Affairs is restructuring its administrative system to better meet the new challenges of development policy. This calls for a comprehensive management approach, awareness of new actors in development policy, and broad cooperation within government. The division of tasks between the various administrative sectors is being clarified and responsibility for development policy concentrated in the Ministry for Foreign Affairs.

Responding to the qualitative and quantitative demands of the Government Programme will require greater resources. To this end, the Government will allocate up to 5 per cent of the increase in appropriations for development cooperation to strengthen administration. If needed, additional personnel will be recruited. However, staff increases can be minimised through restructuring projects under the Government's Productivity Programme.

Finland is making increasing use of procedures developed in various donor forums, such as the United Nations, the OECD, Nordic+ and the EU. Many of these procedures form the basis for co-financing and joint financial arrangements which also guide Finland's activities. The planning and administration systems of Finnish development cooperation are being continuously revised. The aim is for Finland to be able to cooperate with the other Nordic countries and like-minded donors in a flexible manner. These changes require close collaboration with other Finnish authorities.

6.2. Staff development

The Ministry for Foreign Affairs is enhancing its staff development policy, and its knowledge and skills management, and is investing in training. Changing development policy meth-

ods demands the creation and development of new kinds of competence and understanding. This means gaining a broader and deeper knowledge of society and public administration in partner countries.

6.3. Information and development education

National cooperation in development policy demands transparent information and long-term development education. Information and development education activities will be reformed and a long-term action plan prepared. Schools and other stakeholders will be given comprehensive information on development issues over the long term, and development information and education will bring global development issues not only into the classroom but also to other areas of Finnish society. This will require good cooperation with other authorities, organisations and the private sector.

6.4. Funding and other resources

The Paris Declaration makes predictability an important objective and the commitment authorisations should permit the systematic implementation of development cooperation. The budget structure will be reformed to permit fast and easy access to funds. It is essential that sudden needs for humanitarian assistance can be responded to without disrupting other funding. The flexibility of financing will be improved.

Finland actively supports the OECD's continued work on the definition Official Development Assistance (ODA) which aims at ensuring that development cooperation funding is targeted specifically and transparently at genuine solutions to global development challenges.

Implementation, monitoring and evaluation

7



Together with its partner countries and other donors, Finland is seeking cooperation areas in which it has most to give. Finnish expertise and capitalising on experiences is underlined in supporting the development programmes of partner countries. Photo: Matti Nummelin

The Government's development policy programme is put into effect in the financial and operational plans of the Ministry for Foreign Affairs and the Finnish embassies; no separate implementation plan is drawn up. The Ministry later produces a final evaluation of the programme.

Continuous monitoring verifies that the goals have been achieved and that the declared principles have been followed. The monitoring of the Programme is arranged so as to permit the progress to be monitored in a manner that allows international comparison.

Indicators are formulated for this monitoring process.

Evaluation and internal auditing are elements of broader accountability in development policy, which provide impartial data for future decision-making on the effectiveness and quality of development policy and on the proper and efficient administration and use of funds. During the term of this Government, evaluations will focus on transition processes, cross-cutting themes, NGO cooperation, regional cooperation, agriculture and rural development, and security and development. Finland will also take part in international evaluations. Auditing will concentrate on identifying risks, risk management and operational audits.

The Development Policy Committee, which represents a broad spectrum of Finnish soci-

ety, fulfils an important function in monitoring the development policy programme, and produces an annual assessment of its implementation.

The importance of Parliament in monitoring is crucial. The Ministry for Foreign Affairs produces an annual report on development policy and cooperation for Parliament, which contains an account of past activities and targets for the future. Parliament debates the issues raised and adopts a position on future actions. To ensure coherence, all the ministries involved in implementing development policy participate in the preparation of the report. An assessment by the Development Policy Committee is also submitted to Parliament. Development policy is also considered annually when the Parliament approves the state budget.

List of abbreviations

| | |
|-----------------|--|
| AfDB | African Development Bank |
| AsDB | Asian Development Bank |
| CPF | Collaborative Partnership on Forests |
| GNI | Gross National Income |
| CSD | United Nations Commission on Sustainable Development |
| DAC | OECD's Development Assistance Committee |
| DDA | Doha Development Agenda |
| ECOSOC | United Nations Economic and Social Council |
| EPA | Economic Partnership Agreements |
| EU | European Union |
| Finnfund | Finnish Fund for Industrial Cooperation Ltd. |
| GHD | Good Humanitarian Donorship principles |
| IDA | International Development Association of the World Bank Group |
| IADB | Inter-American Development Bank |
| LDC | Least Developed Countries |
| MFA | The Ministry for Foreign Affairs of Finland |
| MDG | Millennium Development Goals |
| NGO | Non-Governmental Organisation Nordic+ group Finland, Sweden, Norway, Denmark, United Kingdom, Ireland, Netherlands |
| ODA | Official Development Assistance |
| OECD | Organisation for Economic Co-operation and Development |
| UN | United Nations |
| UNCBD | United Nations Convention on Biological Diversity |
| UNCCD | United Nations Convention to Combat Desertification |
| UNCED | United Nations Conference on Environment and Development |
| UNDP | United Nations Development Programme |
| UNEO | United Nations Environmental Organisation |
| UNEP | United Nations Environment Programme |
| UNFCCC | United Nations Framework Convention on Climate Change |
| UNFF | United Nations Forum on Forests |
| UNFPA | United Nations Population Fund |
| Unicef | United Nations Children's Fund |
| WFP | World Food Programme |
| WTO | World Trade Organisation |

Cover photo: A science student in Zambia
learns about electricity.
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