

# Finland supports sustainable business activities in developing countries



Finland's development policy aims at eradicating extreme poverty and at reducing poverty and inequality. Poverty reduction requires sustainable economic growth and jobs. This is a central message in the 2030 Agenda for Sustainable Development, too; the goals (SDGs) cannot be achieved without the private sector's participation.

One of the priorities of Finland's development policy is to strengthen developing countries' own economies so that they can create more jobs, provide opportunities for livelihoods and promote wellbeing. Responsible business activities help emerging economies grow, diversify and collect funding for their own public investments. Finnish companies are important partners for both civil society and developing country actors that are engaged in development cooperation.

## Development cooperation creates markets, jobs and contacts

Developing countries offer vast opportunities for Finnish companies. The Ministry for Foreign Affairs supports Finnish companies' partnerships and business opportunities in developing countries through development cooperation funding. The aim is to promote partner countries' economic, social and environmental development. Examples of development impacts include increased number of jobs, better availability of renewable energy, and wider use of environmental technology.

### Finland's development cooperation is effective. Examples of the results of Finland's Aid for Trade (Aft) activities in developing countries in 2016 include:

- approximately 36,850 new jobs have been created or job-holders have been able to keep their posts; of these, 35 per cent are women's jobs
- more than 6,000 companies have been founded or an existing company has been able to continue its business activities; of these, 51 per cent are companies owned by women
- with the help of two regional cooperation programmes and concessional credits, more than 667,700 households have got access to energy supply, of them 372,000 in rural areas

The activities aim at the promotion of the partner countries' economic, social and environmental development.

## Available funding instruments

Finnish companies' opportunities of participation in development cooperation can be promoted for example through the following development finance instruments provided by the private sector. The Ministry for Foreign Affairs belongs to the **Team Finland** network of cooperation, which makes these instruments and other Team Finland services available for companies. [www.team.finland.fi](http://www.team.finland.fi)



### Finnfund - long-term investments and funding

Finnfund is a state majority-owned development finance company, which offers long-term risk capital for projects that are economically viable and create development impacts in the emerging markets and in Russia. In its investments, Finnish technology and expertise are used, respecting the principles of sustainable development. Finnfund invests in companies located in the developing countries, grants investment loans and mezzanine capital, and invests in business activities in the countries of operation via international funding agencies. A considerable part of Finland's climate funding is channelled via Finnfund to, for example, projects that promote renewable energy supply. [www.finnfund.fi](http://www.finnfund.fi)



### Finnpartnership - support for business partnerships' initial phase

Finnpartnership is a programme funded by the Ministry for Foreign Affairs, which supports long-term commercial cooperation between Finnish and developing country companies and other actors. It provides financial support and advisory services for the planning and development of business partnerships in developing countries as well as for training purposes. Funding is not granted for investments made in connection with a project nor for export projects. The programme is currently managed by Finnfund. [www.finnpartnership.fi](http://www.finnpartnership.fi)



**Finnpartnership**

## BEAM – Business with Impact

BEAM is a joint innovations-for-development programme between the Foreign Ministry and Business Finland implemented in 2015–2019. It supports joint innovations launched by Finnish and developing country companies, research institutes and civil society organisations and other actors, which promote wellbeing and sustainable development in developing countries. BEAM supports the development, piloting and commercialisation of new products, services, business and cooperation models, and social innovations. The programme does not support export or conventional business partnerships. Funding can be applied for projects that will be carried out in any of the developing countries except in China. The programme is managed by Business Finland.

In the period from 2015 to 2019, EUR 12.5 million will be granted from the development cooperation appropriations to support BEAM.

<https://www.businessfinland.fi/en/for-finnish-customers/services/build-your-network/developing-markets/beam/>

## Public Sector Investment Facility – support to developing countries' public sector investments

The Public Sector Investment Facility (PIF) supports public sector investments in developing countries in line with the United Nations' Sustainable Development Goals (SDGs) using Finnish technology and expertise.

The developing country in question is responsible for preparing an investment project that is based on Finnish expertise and technology as well as for the procurement decision. A financial institution, approved by Finnvera, is responsible for organising an investment loan for the project. The instrument is used to cover the purchase price of the investment project and the interest on it in order to ensure that the developing country's expenses are considerably reduced.

<http://um.fi/investmentfacility>

## Development policy investments – cooperation with the International Finance Corporation opens up new opportunities for Finns

Development policy investments were introduced in 2016. They are loans and investments used to support developing countries' own private sector activities, for example. Channeling of investments is guided by the four priorities of Finland's development policy. An important aim of these investments is to achieve leverage in order to attract private and public capital from other sources. In 2017, Finland made an investment of EUR 114 million in the Climate Fund that it set up together with IFC. The Fund supports climate projects in developing countries. Cooperation with the world's largest development funding organisation in the private sector may also open up new opportunities for Finnish companies.

<http://um.fi/developmentinvestments>

[http://um.fi/IFC\\_climate\\_fund](http://um.fi/IFC_climate_fund)

## Business Finland Developing Markets

UN specialized agencies, the World Bank Group, regional development banks and the European Union's Directorate-General for International Cooperation and Development (DG DEVCO) purchase products and services by more than EUR 100 billion a year. The International Procurement & Financing, Humanitarian Crisis Relief Program, managed by Business Finland, aims to increase the share of Finnish companies in the procurement processes of international development cooperation organisations especially for projects in Sub-Saharan Africa and Vietnam. The programme enhances knowledge of the UN system and makes it easier for companies to offer their services and products to international organisations. It recognises business opportunities in the UN specialized agencies and seeks Finnish companies that meet the demand in question.

<https://www.businessfinland.fi/en/for-finnish-customers/services/build-your-network/developing-markets/international-finance-and-procurement/>

## Other channels of finance

The Ministry for Foreign Affairs also supports developing countries' private sector and innovation activities via, for instance, Finnish government agencies, organisations in the education sector, civil society organisations, the European Union, as well as the UN's specialized agencies and development finance institutions. Finland also funds the **Nordic Development Fund** (NDF), which supports partnerships engaged in climate change mitigation and adaptation.

Additionally, the Ministry for Foreign Affairs has bilateral and regional fixed-term projects, which support sustainable economic growth and business activities in emerging economies. These projects include the **Energy and Environment Partnership** (EEP) in Southern and Eastern Africa and the Mekong Region, as well as Vietnam's **Innovation Partnership Program** (IPP) and the **Southern Africa Innovation Support Program** (SAIS).

A handbook for Finnish companies participating in international organisations' and development finance institutions' public procurement processes. Available only in Finnish.

<http://um.fi/Hankintaopas>

More information about private sector partnerships:

<http://um.fi/privatesector>



Ministry for Foreign  
Affairs of Finland

<http://um.fi/developmentpolicy>