

Finnish Development Cooperation



09

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Picture on the front cover: Schoolchildren in a schoolyard in Addis Ababa. Finland has been a long-term supporter of the Ethiopian education sector.

Photo: Pirjo-Liisa Heikkilä.

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TO THE READER

The activities in 2009 were affected by global crises that quickly and drastically impacted our own society and the situation in developing countries. Development policy is now being examined in a global operating environment that is very different from the one in autumn 2007, when the Development Policy Programme of the Finnish Government was approved. The poorest countries and the most vulnerable people are in the most difficult position. The approach of the Development Policy Programme, which emphasises a holistic approach and coherence in poverty reduction and the promotion of sustainable development, is now even more warranted than when the programme was drawn up.

Finnish Development Policy reacts to crises by implementing the Development Policy Programme in a determined way. According to the Development Policy Programme, Finland aims to eradicate poverty and promote economically, socially and ecologically sustainable development in line with the UN Millennium Development Goals (MDGs) set out in 2000. In accordance with EU commitments and the Development Policy Programme, Finland has channelled an increasing amount of development financing especially to African development. At the same time, the proportion of Finnish aid allocated to the poorest developing countries has been increased, especially in sub-Saharan Africa. The International Institute for Sustainable Development, founded in Tanzania on

Finland's initiative, is a good example of comprehensive cooperation and the emphasis on Africa.

In 2009, the focus was on strengthening the connections of climate and environmental themes, rural development and food security, the role of the private sector, as well as crisis prevention and peace processes to development policy. These issues are also highlighted as special themes in this report.

The financial and food crises and climate change means that it is increasingly important to underline the various dimensions of sustainable development in a balanced manner. The environment and development are inseparable. According to the basic principle of the UN Conference on Environment and Development, which was held in Rio de Janeiro in 1992, the environment and development should be examined together, and all environmental matters should be examined as a whole. Undermining this foundation will sooner or later lead to the complete collapse of the edifice of development. Climate change, population growth, urbanisation, industrialisation, and untenable production and consumption methods pose a threat to the well-being of both developed and developing countries. Therefore, ecologically sustainable development is always the right direction to take. It also forms the basis of economic and social development.

Finland's development policy promotes this kind of development through environmental protection and

the sustainable use of natural resources, the mitigation of climate change and alleviating its effects, sustainable forestry, rural development, and sustainable energy and water management. Particular support is provided for agriculture and rural development, which have clearly been inadequately supported for several years.

The foundation for economic growth must be ensured by investing in human capital, support for the private and production sectors, infrastructure development, and Aid for Trade. Development does not take place without security and security does not increase without development. Permanently reducing poverty is the most effective way of preventing conflicts and promoting comprehensive security. Reducing poverty, promoting sustainable development, and meeting the challenges of conflict prevention, crisis management and peace building require a comprehensive approach and coherence between the activities of different administrative sectors.

In the Development Policy Programme, the Government commits to meeting the objectives set out in the EU for development cooperation financing. According to the objectives, a GNI level of 0.51% will be reached in 2010. In fact, the objective will be exceeded, since the share of GNI will increase to 0.55%. Along with this interim objective, an even growth towards the 0.7% objective as well as the significance of predictable financing should

be emphasised. In 2009, the total value of development cooperation disbursements was EUR 923.6 million, that is, 0.54% of Finland's gross national income. The strong growth from the 0.44% share of GNI in 2008 is due to an increase in development cooperation disbursements and a decrease in gross national income in 2009.

The economic crisis has decreased developing countries' tax income revenues and other international flows of financing, which has increased poverty and jeopardised the development goals that have already been met. This situation underlines the role of development cooperation financing, and the fact that it is even more important than before to fulfil the commitments. In this way, it will be possible to compensate the loss of income caused by slower growth, to add momentum to the economic growth necessary for development, and to secure support for the most vulnerable population groups. In addition to the amount of financing, the quality of cooperation must be emphasised. This ensures the use of resources that creates the desired results as well as long-term and sustainable development impacts. The effectiveness together with the sustainability and impact of development programme results are regularly developed and evaluated.

In the meeting of EU development ministers in January 2009, Finland put forward an important initiative

for deepening development policy dialogue between the EU and the United States. The initiative for a transatlantic partnership for development, which has been received very positively in both the EU and the United States, aims to reduce poverty and promote sustainable development. The EU and the United States are the most important development cooperation actors in the world, which is why their cooperation has an important role when attempting to increase the effectiveness of development cooperation. The summit between the EU and the United States, held in Washington, D.C., in November, was important for the initiative. The final communiqué of the summit highlights development policy dialogue both at the political level and in cooperation on the ground, and specifies food security, climate change, and the Millennium Development Goals as the areas of cooperation.

Ecologically sustainable development and climate questions will continue to be Finland's priority areas in 2010 as well. Developing countries need extensive support in order to prevent climate change and to adapt to it. The international community will also undertake many other negotiation processes related to climate negotiations this year. These include, for instance, a conference on the UN Millennium Development Goals in the autumn, and the ongoing trade negotiations of the World Trade Organisation.

Finnish people support development cooperation strongly, but the recession has increased the suspicions of some of the public about the usefulness of development cooperation. Opinion polls and reader surveys indicate that Finns want information especially on everyday life in developing countries, the results of cooperation, and on the use of the funding. A key objective of the communication by the Ministry for Foreign Affairs is to explain how the various forms of development cooperation are implemented and monitored.

Achieving the goals of Finland's development policy requires extensive participation by public administration, the private sector, the research community, and civil society. This report highlights concrete examples of this. The key priorities for 2009 and the planning period for 2010–2013 are considered at the end of the report, on the basis of which Parliament can give its opinion on the future activities.

Paavo Väyrynen

Minister for Foreign Trade and Development

Abbreviations

AAA	Accra Agenda for Action (concerns aid effectiveness)	DAC	Development Assistance Committee of the OECD	GENDERNET	Network on Gender Equality
ADB	Asian Development Bank	DCED	Donor Committee for Enterprise Development	GHD	Good Humanitarian Donorship
AfDF	African Development Fund	DCF	Development Cooperation Forum	HAC	Humanitarian Aid Commission, the EU Commission's control group for humanitarian aid
AfT	Aid for Trade	DEMO Finland	Political Parties of Finland for Democracy	HIPC	Heavily Indebted Poor Countries
AfHRC	Afghanistan Independent Human Rights Commission	DEVIDA	Comisión Nacional para el Desarrollo y Vida sin Drogas, National Commission for the Development and Life without Drugs	ICT	Information and communication technology
ACP countries	African, Caribbean and Pacific countries	EBRD	European Bank for Reconstruction and Development	ICTSD	International Centre for Trade and Sustainable Development
ANA	Afghan National Army	ECOSOC	United Nations Economic and Social Council	IFAD	International Fund for Agricultural Development
ARTF	Afghanistan Reconstruction Trust Fund	ECOWAS	Economic Community of West African States	IFC	International Finance Corporation
AU	African Union	EFI	European Forest Institute	IGAD	InterGovernmental Authority on Development, a regional organisation of the Horn of Africa
CARICOM	Caribbean Community	EIB	European Investment Bank	ICI	Inter-institutional development cooperation instrument
CDM	Clean Development Mechanism	EIF	Enhanced Integrated Framework, a programme for integrating the least developed countries into international trade	ILO	International Labour Organization
CEB	Council of Europe Development Bank	ENVIRONET	Network on Environment and Development Co-operation	IMF	International Monetary Fund
CEPS	Center for European Studies	EPA	Economic Partnership Agreement, an economic partnership agreement between the EU and ACP countries	INTOSAI	International Organization of Supreme Audit Institutions
CGAP	Consultative Group to Assist the Poor	ESSD	Environmentally Socially Sustainable Development, the World Bank's trust fund for sustainable development	IOM	International Organization for Migration
CGIAR	Consultative Group on International Agricultural Research	OSCE	Organization for Security and Cooperation in Europe	IPA	Instrument for Pre-Accession Assistance
CIGIG	Comisión Internacional contra la Impunidad en Guatemala, the International Commission Against Impunity in Guatemala	FAO	Food And Agriculture Organization of the United Nations	ISAF	International Security Assistance Force
CIMIC	Civil-Military Cooperation	GEF	Global Environment Facility	ITC	International Trade Centre
CIMO	Centre for International Mobility			IUCN	International Union for Conservation of Nature
CMC	Crisis Management Centre			JAS	Joint Assistance Strategy
COHAFA	Council Working Party on Humanitarian Aid and Food Aid			KPC	Kosovo Protection Corps
CSD17	Commission on Sustainable Development			LDCF	Least Developed Countries Fund
CsocD	Commission for Social Development, a functional commission of the ECOSOC			MDG	Millennium Development Goal

MDRI	Multilateral Debt Relief Initiative
MISFA	Microfinance Investment Support Facility for Afghanistan
MOPAN	Multilateral Organizations Performance Assessment Network
MPDF	Mekong Private Sector Development Facility
NAPA	National Adaptation Programme of Action
NDF	Nordic Development Fund
NEPAD	New Partnership for Africa's Development
NIB	Nordic Investment Bank
NORSAD	A Development Finance Institution for SMEs in the Nordic countries and the SADC countries
NSP	National Solidarity Program
OAS	Organization of American States
OCHA	Office for the Coordination of Humanitarian Affairs, a UN agency
ODA	Official Development Assistance
ODSG	OCHA Donor Support Group
OECD	Organization for Economic Co-operation and Development
OHCHR	Office of the High Commissioner for Human Rights
PBF	Peacebuilding Fund
PBSO	Peacebuilding Support Office
PD	Paris Declaration on Aid Effectiveness
POVNET	Network on Poverty Reduction
PRDP	Palestinian Reform and Development Plan

PRSP	Poverty Reduction Strategy Papers
PYM	Funds for local cooperation
REC	Regional Environmental Center for Central and Eastern Europe
SCCF	Special Climate Change Fund
SECCI	Sustainable Energy and Climate Change Initiative
SEDPP	Sustainable Employment Development Policy Program
STDF	Standards and Trade Development Facility
UNAIDS	The Joint United Nations Programme on HIV/AIDS
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
UNECE	United Nations Economic Commission for Europe
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
UN-Habitat	United Nations Human Settlements Programme
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East

VERIFIN	Finnish Institute for Verification of the Chemical Weapons Convention
WB	World Bank
WBIF	Western Balkans Investment Framework
WEI	Wider Europe Initiative
WFP	World Food Programme
WHO	World Health Organization
WTO	World Trade Organization
WTO-DDAGTF	Doha Development Agenda Global Trust Fund



Employees of the Finnish-owned Efore plant in Suzhou, China. The company is a subcontractor in the technology industry. Photo: Joesetta Nousjoki.

2009 marked the third year of implementation of the Development Policy Programme. The programme was implemented with a focus on the three dimensions of sustainable development, especially on ecologically sustainable development. Addressing the challenges related to climate change and the economic crisis was an essential element in the activities.

The global financial, economic and food crises continued to affect developing countries in 2009. The approach of the Development Policy Programme has proven to be strong in the current crisis situation. The approach emphasises a holistic approach and coherence in reducing poverty and promoting sustainable development. Particular attention has been paid to development policy coherence and different aid forms and channels that complement each other. The expansion of the international development policy agenda has created pressures for change in the multilateral system and the international development architecture. Finland has allocated more development financing in order to address the global food crisis.

Finland has agreed on the level of appropriations for development cooperation (ODA), which will enable

it to fulfil the commitment on the EU's development aid for 2010. Originally, the aim was to keep Finland's commitment at the Copenhagen Convention on Climate Change on an additional EUR 110 million for climate financing in 2010–2012 separate from development financing. However, in the negotiations on spending limits in March 2010, this climate financing was included in development cooperation funds. The decision concerns development cooperation budget funds of EUR 30 million this year and EUR 40 million next year. In spite of this, development cooperation funds will increase in line with the commitments made in the EU to 0.55% of GNI this year and in 2011 to an estimated 0.58% of GNI. Moreover, Finland already provides funding for many poverty eradication climate projects.

Uneven progress on the Millennium Development Goals

The Millennium Development Goals have provided international development cooperation with a long-term framework based on extensive mutual understanding. Finland and the entire EU are strongly committed to the

framework. The economic crisis in 2009 jeopardised the reduction of poverty in line with the UN Millennium Development Goals. Globally, however, the goal of reducing extreme monetary poverty can still be reached. Good progress has been made in goals relating to the availability of safe drinking water and gender equality related to upper secondary education. It seems that they can be attained by 2015. Meeting the other goals of human development seems more difficult. Every year, over half a million women die because of pregnancy and childbirth problems that could be treated and prevented. Progress is alarmingly slow in the fifth Millennium Development Goal on reducing mother and child mortality, as well as in the goals concerning the eradication of hunger, completing basic education, sanitation, and gender equality. On the basis of the progress so far, not all of the goals of the UN's Millennium Declaration will be reached everywhere, unless the progress is expedited.

Finland influences international development policy through the UN system, international financing institutions, the European Union, and the Development Assistance Committee of the OECD. In these international conferences and bilateral meetings, Finland promoted a holistic approach in order to reduce poverty and promote sustainable development. Finland emphasised sustainable development, the coherence and effectiveness of actors and activities, the rural sector, and the significance of the private sector as a driver of economic development.

In the UN, Finland was particularly influential in the Economic and Social Council (ECOSOC) and in the Second Committee (of the 64th UN General Assembly) focusing on economic and sustainable development. Finland is involved in the preparations of the high-level Development Cooperation Forum (DCF), and has promised to arrange one of the Forum's preparatory symposiums in 2010.

EU cooperation promoted Finland's development policy goals based on the principles of complementarity, effectiveness and coherence. The EU's development policy in 2009 was marked by the global economic crisis and its impact on developing countries, the preparations for the climate negotiations in Copenhagen, and anticipating the changes introduced by the Treaty of Lisbon. In January, Finland presented an initiative on a transatlantic partnership between the EU and the United States concerning sustainable development. The initiative was put successfully on the EU's

development policy agenda and likewise on the dialogue and cooperation agenda between the EU and the United States. Furthermore, a policy was drawn up on the EU's influence on development policy.

In the Development Assistance Committee (DAC) of the OECD, Finland has participated in work related to the coherence and effectiveness of development cooperation. Finland was involved in drawing up a report outlining the future of the Committee. It emphasises the role of the DAC in promoting coherent development policy. This is a guiding principle for the implementation of Finland's development policy, and one of Finland's priorities in the OECD. Finland funded the work of a Finnish policy coherence coordinator reporting to the Secretary-General of the OECD. Minister Väyrynen was a keynote speaker at the annual High Level Meeting of the DAC.

During 2009, Finland's opportunities to influence increased in the DAC's team work. A Finnish representative was appointed to the management of both the POVNET poverty team and the ENVIRONET team focusing on environmental issues. In addition, Finland has a member in the management of GENDERNET which addresses equality issues. In the team on the effectiveness of development cooperation, Finland emphasised the implementation of our key themes – the use of local systems, the division of work between donors, and the predictability of development financing – especially at the country level.

The economic crisis increased the demand for development financing

The global economic crisis clearly increased the demand for financing granted by **development financing institutions**. Finland was involved in increasing the resources of international development financing institutions by, for example, participating in establishing a new temporary crisis window in the World Bank Group. Finland decided to participate in the capital increase of the Asian Development Bank in order to safeguard the bank's financing base. Capital increase negotiations for the African Development Bank and the Inter-American Development Bank commenced in 2009. The issue has also been initially addressed by the World Bank. To alleviate the debt situation of developing countries, Finland participated in the Multilateral Debt Relief Initiative



The headquarters of the International Monetary Fund (IMF) in Washington, D.C. Photo: Matti Nummelin.

(MDRI) and the Heavily Indebted Poor Countries (HIPC) programme. Finland has influenced the World Bank's administrative reform, which aims to improve the participation and empowerment of the poorest developing countries, especially African countries. Finnish representation is also ensured at the same time.

The Ministry for Foreign Affairs actively participated in the **international climate negotiation process**. The negotiations focused in particular on development issues, climate financing allocated to developing countries, clean development mechanisms and reinforcing the contribution of women. Climate policy and the preparations for the Copenhagen climate conference were also highlighted on the agenda of the EU. Finland contributed to the fifth replenishment financing talks of the Global Environment Facility (GEF) and to strengthening the United Nations Environment Programme (UNEP). Finland has highlighted equality issues in climate questions, and during 2009, the gender issue was recognised in the conclusions of the EU Council of Ministers, among others. Finland was strongly involved in the development of the United Nations Environment Programme (UNEP). Minister of the Environment Lehtomäki has been a member of a ministerial group considering the development of international environmental management.

In **humanitarian aid**, humanitarian reforms were introduced in the entire UN system. At the same time,

cooperation between the new EU Council Working Group on Humanitarian Aid and Food Aid (COHAFA) and the Council's regional teams was further deepened. The aim is to allocate humanitarian aid at the optimal time on the basis of need assessments. Finland acted as the Chair of the Donor Support Group of the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) from July 2008 until July 2009.

The implementation of the Development Policy Programme continued effectively and its main themes were incorporated more strongly in the activities. A meta-analysis carried out in 2009 on development cooperation evaluation reports showed that the durability and long-term impact of development programmes and projects have improved. Several region- and sector-specific operational plans were drawn up to guide the implementation of the **Development Policy Programme**: the framework programme for Africa, the Wider Europe Initiative, environmental and forest policies, the strategy for the water sector, and the development and security guidelines. With respect to development cooperation **tools** in 2009, the policies on general budget support and sector-specific support were drawn up, a support programme (HEI ICI) building the capacity of higher education institutions was launched, and the document management system and project instructions were updated.

Implementation of the Development Policy Programme

According to the Development Policy Programme, the eradication of poverty and promotion of sustainable development in line with the UN Millennium Development Goals (MDGs) are Finland's primary development policy objectives. The programme emphasises ecologically, economically and socially sustainable development, and a greater emphasis on environmental and climate issues, crisis prevention, and support for peace processes. Finland is committed to the European Commission decision of 2005, according to which the minimum goal of old member states is to raise their development cooperation funds to 0.51% of their gross national income by 2010. According to current estimates, Finland will reach a GNI level of 0.55% in 2010.

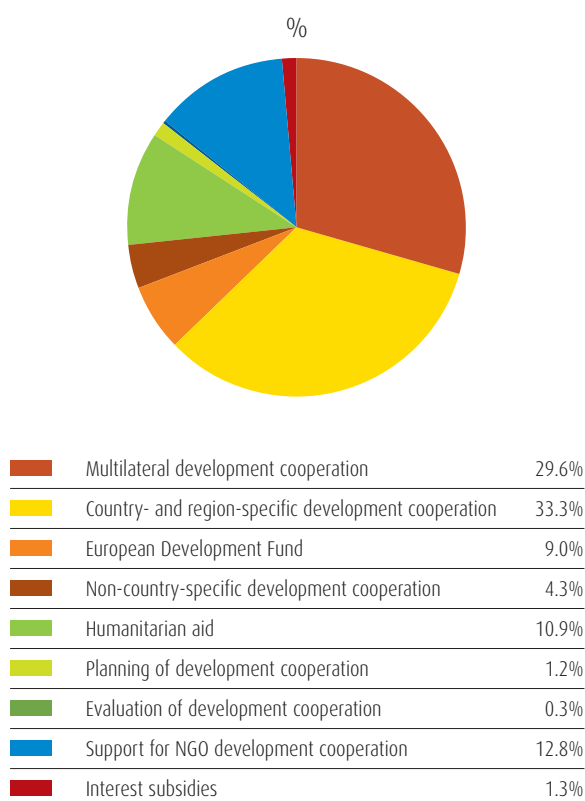
During the year under review, the implementation of the Development Policy Programme focused in particular on the ecological dimension of sustainable development. Ecologically sustainable development highlighted strengthening the connections between trade and development, and supporting the activities of the private sector. The UN Millennium Development Goals and socially sustainable development have been promoted through the use of different means of cooperation and aid instruments. Particular attention was paid to their complementarity. The activities have emphasised meeting the challenges related to the economic and food crises, as well as climate change.

Appropriations for cooperation and forms of cooperation

In 2009, **Official Development Assistance (ODA)** disbursements amounted to a total of **EUR 923.6 million, that is, 0.54%** of Finland's gross national income (preliminary information). The rapid growth from the 0.44% share of GNI in the previous year is due to a clear increase in development cooperation disbursements and a decrease in gross national income in 2009. In 2009, disbursements increased by EUR 115.4 million, that is 14.3%. This constitutes the highest ever annual increase, excluding 2005 when debt relief granted to Iraq was included in the disbursements. Disbursements have already doubled since the turn of the millennium.

Disbursements related to actual development cooperation increased by approximately EUR 71 million,

Budget allocation table of actual development cooperation disbursements for 2009 (EUR 671.3 million in total)



rising to approximately **EUR 671 million**. In 2009, the **disbursement rate of actual development cooperation was 75%** (78% in 2008). This was affected in particular by the relatively low disbursement rate in non-country-specific cooperation, and in country- and region-specific cooperation.

The available total appropriations were EUR 898.5 million, including the transferable appropriations of previous years. EUR 671.3 million of the total was used. Development cooperation appropriations are so-called transferable appropriations, and they may be used for three years after they have been granted. By using transferable appropriations and authorisations, commitments



Deforestation is a major environmental issue in Nicaragua, and also causes erosion. A riverbank disintegrated by erosion in the Nicaraguan Caribbean. Photo: Outi Einola-Head.

extending over a number of years can be made in Finland's development cooperation. This makes financing more predictable, which is vital for developing countries' own economic planning. Making use of the flexibility provided by the transferable appropriation practice means that the disbursement rate does not rise to 100% each year. It is only sensible to review the final utilisation rate of transferable appropriations at the end of the three-year period. The final utilisation rate has remained high continuously. The three-year usage period of the 2007 appropriations expired at the end of 2009. A total of 99.9% of the appropriations were used. The use of authorisations increased to 93% in 2009, whereas a total of 71% of authorisations was used in 2008.

The amount of financing allocated through EU development cooperation, particularly the EU's development cooperation budget and UN agencies, significantly increased in 2009. Additional support for agencies was granted in particular to UNFPA, UNIDO, UNOCHA and UNRWA. More support than before was channelled through the World Bank Group (the IDA in particular).

For over 20 years, the relative proportions of bilateral and multilateral development cooperation¹ have remained unchanged within a range of a few percentage units. Bilateral and multilateral cooperation amount to approximately 60% and 40% of disbursements, respectively. In 2009, the proportion of bilateral cooperation was 61.1% of the appropriations.

Appropriations in both country- and region-specific cooperation and multilateral cooperation continued their strong growth. Non-country-specific development cooperation has clearly increased since 2008. NGO appropriations for development cooperation increased to some extent, and there was a clear level increase in evaluation activities and concessional loans for 2009. Finnfund's capital was increased by EUR 15 million in 2009 as part of a four-year increase in capital totalling EUR 60 million.

¹ OECD/DAC definition: only an un-ear-marked general contribution granted to so-called ODA-eligible organisations is defined as a multilateral contribution; other activities are, according to the definition, bilateral contributions that are earmarked thematically or regionally.

Programme cooperation

Programme cooperation covers all development cooperation that is implemented in a coordinated way to support the partner country's own development programme.

Programme cooperation includes budget support, sector budget support, as well as basket- and fund-based co-financing. Programme cooperation is linked to aid effectiveness and the commitments of the Paris Declaration. The amount and relative proportion of general budget support increased up until 2008. Its level remained at approximately 10% of country- and region-specific development cooperation in 2009. Sector budget support and co-financed programmes have considerably increased their disbursements, especially during the last five years.

The implementation of the Development Policy Programme is guided by policy decisions

In 2009, several new region- and sector-specific policies were drawn up to complement the Government's Development Policy Programme and to guide its implementation. Three environment-related policies were finalised in 2009. The Finnish Development Policy Guidelines for the Environment guide Finland's development cooperation in the environmental sector and the implementation of sustainable development priorities. The objective of the International Strategy for Finland's Water Sector is to exploit Finland's experiences of best practices in water protection within international cooperation. At the same time, the ability of Finnish water sector actors for meeting our partners' challenges and future needs is improved. In April, the Finnish Water Forum was established to support the implementation of the strategy. The Development Policy Guidelines for the Forest Sector highlight three key cooperation themes: support for national forest programmes, strengthening the role of forests in combating climate change and adapting to it, as well as the role of forests in policies on the countryside, land use and agriculture.

Development and Security in Finland's Development Policy emphasises the concept of comprehensive security which strengthens the mutual connection between security, development and human rights. At the same time, the coherence of crisis management, development cooperation and humanitarian aid is promoted. A comprehensive approach is the objective.

General budget support and sector support as part of Finland's programme-based development cooperation outlines the focus of budget support from general budget support to sector-specific budget support. Finland may grant a maximum of 25% from bilateral country-specific development aid as general budget support. The disbursement rate of general budget support will primarily be based on how many long-term partner countries can make use of general budget support. The policy also states that general budget support and sector support are not the only tools of programme-based development aid.

A total of four regional policies or framework programmes were finalised in 2009. The Wider Europe Initiative framework programme (2009–2013) aims to promote comprehensive stability as well as economic and social development in Eastern Europe, the South Caucasus and Central Asia. The Initiative's thematic priorities include security, trade and development, information society development, energy and the environment, and social sustainability. Africa in Finnish Development Policy includes the development policy framework programme and objectives for Finland's cooperation in Africa. The aim is to establish a strategic framework for strengthening the partnership between Finland and Africa through development policy. Similarly, the Development Policy Framework Programme for the Western Balkans will guide the implementation of Finland's development policy and cooperation in the Western Balkans until 2013. The Action Plan for the Andean Region guides the programming of regional and thematic cooperation in the region.

The reform of the rural development policy has commenced, and its estimated completion date is spring 2010. The policy will also take account of the food security issue. The preparation of the new NGO policy also started in 2009.

In 2009, disbursements channelled through the EU's development cooperation budget increased to EUR 112.5 million, and expenditure for accepting refugees increased to EUR 26.6 million.

Additional support to Africa and the least developed countries

In accordance with EU commitments and the Development Policy Programme, Finland has allocated over half of the increased amount of development financing for bilateral cooperation allocated by country to the development of Africa. At the same time, the proportion received by the poorest developing countries (LDC countries) has been increased. Development cooperation disbursements to the poorest countries have increased rapidly since the turn of the millennium: from EUR 60.2 million to EUR 162.5 million. The increase has been particularly rapid in Africa (from EUR 65.5 million to EUR 179.7 million), and especially in sub-Saharan Africa.

Tanzania and Mozambique are still Finland's largest partner countries. The clear increase in disbursements to Zambia put the country in third place above Vietnam and Nicaragua. The level of bilateral aid received

by Vietnam will decrease gradually. Nicaragua, which is struggling with administrative and democracy problems, has quickly dropped from fourth place to eighth. Disbursements allocated to Nepal, the Palestinian Territories, Kenya and Ethiopia have also rapidly increased. In these countries, the development has been positive in recent years. Disbursements to Laos and Cambodia have clearly increased. Cooperation with Sudan has reflected the unstable conditions in the country, but the disbursements for 2009 once again show an increase. Disbursements for South Africa, a country receiving cooperation of limited duration, increased again in 2009, but from now on they will decrease as is the case with Namibia.

University cooperation

In 2009, a new development cooperation tool was launched for building the capacity and competence of higher education institutions (HEI ICI). The purpose of the programme is to strengthen the management and teaching of universities in the developing countries through cooperation with Finnish universities and polytechnics. During the year under review, financing was granted for 20 preparatory projects.



Fatima Vicior is a single parent of five children, living in the village of Ninhote in Mozambique. Photo: Juha Peurala.

In line with the Development Policy Programme, the role of private sector instruments and the opportunities for making use of them was investigated in 2009. Particular attention was paid to a special risk fund and mixed credits. At the same time, the implementation of Finland's Aid for Trade Action Plan was continued. The business partnership programme was supported and interest subsidies were granted, the demand for which clearly increased in 2009.

Coherent development policy

The need for development policy coherence has become increasingly apparent as a result of the economic, food and climate crises. In 2009, development policy coherence was improved by promoting information exchange and common objectives through a network of ministries. The Ministry for Foreign Affairs aims to balance the objectives between different administrative sectors and to gain the commitment of all the parties to the work on coherence. The coordination of trade and development was promoted in the Ministry's trade and development working group, the export forum, and by networking with other actors. Coherence work was also carried out in the energy, environment, agriculture and climate sectors in inter-ministerial working groups, and with a rural development cooperation network. The Ministry of Agriculture and Forestry also participates in the dialogue on coherence in the OECD Committee for Agriculture and the Global Forum working group operating under the Committee.

The principle of coherence influences the drawing up of new policies. The Development and Security in Finland's Development Policy publication describes the connection of development policy to preventing conflicts. Coherence is emphasised in the comprehensive crisis management strategy. The Finnish Development Policy Guidelines for the Environment were prepared in cooperation with the Ministry of the Environment and the Ministry of Agriculture and Forestry. The Ministry of Employment and the Economy also prepared a development policy strategy during 2009.

In the mid-term assessment of Finland's country investigation, the OECD's Development Assistance Committee stated that Finland has progressed in policy coherence at the national level and has also strongly promoted the issue internationally.



Sita Pariyar from Nepal encourages women to be active in groups. Photo: Marja-Leena Kultanen.

Cross-cutting themes

Cross-cutting themes related to equality, human rights and vulnerability are observed in all development cooperation by Finland. Cross-cutting themes include the rights of women and girls, gender equality, social equality, promoting the rights and empowerment of vulnerable groups (children, the disabled, indigenous people, minorities), as well as HIV/AIDS as a health and social challenge. Cross-cutting equality objectives have been derived from intergovernmental charters on human rights or international policy commitments.

In 2009, the Ministry for Foreign Affairs finalised operational guidelines for including the cross-cutting themes in all development policies and cooperation. This is carried out by integrating the themes as part of policy at all levels and by complementing this with the required measures or projects. Furthermore, the cross-cutting themes are included as part of political dialogue, country negotiations, multilateral and EU cooperation as well as communications. The cross-cutting themes were promoted in many ways in 2009. A particular focus was placed on the position and role of women in the negotiations on the United Nations Framework Convention on Climate Change. Finland supported the strengthening of regional equality in its partner countries through several rural development programmes. The work of the UN's Special Rapporteur on Disability, and Global Partnership for Disability were supported both financially and through the work of an expert. Finland also supported the Special Representative of the Secretary-General on Violence Against Children by financing the work of a Finnish expert.



Tulo Bahadur provides a living for his family by sewing: Photo: Marja-Leena Kultanen.

Reducing poverty

According to the Development Policy Programme, the most important goal of development policy is to eradicate poverty in line with the UN Millennium Development Goals. The eradication of poverty requires that the development of developing and developed countries is economically, socially and ecologically sustainable. To achieve the Millennium Development Goals, it is important that increasing attention is given to the effects of climate change. The poorest countries and small island states suffer the most from the harms of climate change, but they are least able to adapt to the change. In 2009, Finland increased its aid for meteorological services in developing countries so that they are better able to adapt to climate change.

The eradication of poverty and the promotion of sustainable development require extensive partnership and deeper cooperation with partner countries. Finland's long-term partner countries have drawn up national poverty reduction plans to support their development policies. Finland's cooperation is based on the priorities, principles and solutions highlighted in these plans so that it can support the reduction of poverty as effectively as possible. Particularly in long-term partner countries, the reduction of poverty guides the planning, as well as the selection and execution of programmes.

In Africa, Finland supports the reduction of poverty in its long-term partner countries on the basis of their national plans in sectors where Finland has expertise, know-how and experience to offer. Budget support is a means of providing comprehensive support for national poverty reduction plans. It is also possible to engage in

policy discussions that impact across sector boundaries using budget aid. The national poverty reduction plan can be supported according to the principles of programme cooperation using many different forms of financing, ranging from general budget support to sector-specific co-financed programmes and projects. Finland channelled its support to reducing poverty in Mozambique, Zambia and Tanzania through both general budget support and sector budget support. Development cooperation between Finland and Tanzania is based on Tanzania's and Zanzibar's development goals, which have been specified in the Vision 2025, MKUKUTA and MKUZA documents. In 2009, Finland continued its support for the poverty reduction fund of Tanzania and granted general budget support.

Economic growth and fair income distribution

Previous experience has shown that the most effective way to eradicate poverty is to create favourable economic development while at the same time influencing the national distribution of income. International trade, joining the rule-based international economy, and reforming the national operating environment can clearly accelerate economic growth in developing countries. It is important that developing countries can capitalise on the opportunities provided by foreign trade for promoting economic growth and reducing poverty. The role of the private sector and trade as the engine of economic development is the focus of increasing emphasis. The reduction of poverty unites society and strengthens the economic foundation, since all the resources of the nation are brought to bear on strengthening development. Economic growth creates new jobs. At the same time, it must be ensured that the basic norms of working life and decent work are created. In 2009, a Memorandum of Understanding on cooperation in the field of labour and industrial policies was signed with Vietnam. Its purpose is to promote cooperation in the sectors of employment, labour policy, workforce training, and the mobility of labour. The work relates to innovations, regional development, sustainable energy solutions and environmental matters.

Agriculture has a decisive role in the eradication of poverty. Finland's long-term partner countries have also focused particular attention on agriculture. Finland has continued its support for Vietnam's national poverty programme in poor mountain areas populated by ethnic minorities. The programme develops farming and productive activities in municipalities by improving the efficiency and diversity of livelihoods. Furthermore, small-scale production and an infrastructure that promotes marketing are being built. In this way, the aim is to resolve the food security problem in the mountainous area. According to evaluations, the results achieved have been positive.

In the Mekong region programme in Cambodia, rural development has taken place in the Tonlé Sap area. The aim is to improve rural food security and to develop people's livelihoods. The focus areas in Nepal have included increasing economic growth, finalising the peace process and drawing up a new constitution. This has been pursued through two major rural water and sanitation projects in the country's poorest regions. The projects emphasise the importance of clean water, hygiene and livelihoods for the poorest people. The increased availability of water in agriculture improves the food security of the poorest people and diversifies crop yields. As production-related risks decrease, investments can be made in more valuable products.

Development projects in Latin America reduce poverty through the rural, environment, forest and energy sectors. Projects in the rural sector in Nicaragua have strengthened the country's food security and developed rural livelihoods and productive activities. The regional environmental programme for the Andes (BIOCAN) improves the quality of life of the population of Bolivia, Peru, Ecuador, and Columbia through the sustainable use and protection of the environment. At the same time, the special cultural characteristics of the countries are taken into consideration. Forestry is being developed through new forest projects in the Andean region and Central America. The projects especially benefit poor rural populations and indigenous peoples dependent on natural resources. The availability of energy and the opportunities to use clean energy are being increased both in the Central American project and in the Andean region project under preparation.



Field work in Vietnam. Photo: Kari Rissa.

Rural development and food security in 2009

The aim of the UN Millennium Development Goals is to halve the number of those living in poverty and hunger by 2015. Rural development is one of the best ways to meet the objectives. Three out of four poor people in the developing countries live in rural areas, and the majority of them earn their living from agriculture. Agriculture's share of international development cooperation appropriations has decreased for two decades. The increase in the number of hungry people, the food crisis, climate change, and issues related to biofuels and land use have again put

agriculture and food security on the international agenda.

During 2009, the promises made at international summits to improve food security started to be implemented. At the same time, both national and international aid for agriculture and rural development started to increase. The international coordination of development aid for food security was agreed on at the World Food Summit held in November in Rome. The themes of the UN Commission on Sustainable Development (CSD17) included agriculture and rural development. Finland participated in the dialogue on food security

within the EU, at international summits, and in the Food and Agriculture Organization of the United Nations (FAO).

Finnish activities complied with the principles set out in the Rural Development Policy of 2004. According to the policy, in the field of rural development, Finland should focus on supporting national programmes, improving the income of the poor, and especially women, as well as promoting an economically sustainable business sector. In addition, research, advice, training, and services supporting the poor should be supported. Work to reform the rural development

policy commenced in 2009. The new policy will consider the changed international situation of food security and agriculture, as well as topical matters ranging from climate change to land ownership.

Multilateral and EU cooperation

Multilateral cooperation continued to provide basic funding for UN organisations in the rural sector, such as the Food and Agriculture Organization (FAO), the International Fund for Agricultural Development (IFAD), and the World Food Programme (WFP). The organisations carry out mutually complementary work in order to improve global food security. Agricultural research and advisory services are essential in terms of improving food security and the adaptation of agriculture to climate change. Finland increased its support to the four research institutions of the CGIAR agricultural research network. The FAO and the network of CGIAR research institutions are carrying out reforms that aim to make the operations of the organisations more effective. Finland supported the implementation of the reforms in both organisations.

The FAO received funding for two topical projects commencing in 2010. The "Agriculture as part of the prevention of climate change" project will evaluate the potential for agriculture to prevent climate change and investigate developing countries' opportunities to benefit from emissions trading. The aim of the project to develop land register software is to improve land ownership and land possession rights of the poor.

The EU responded to the food crisis with a three-year food fund of EUR 1

billion, which covers both satisfying the immediate need for food and building the capacity of the agriculture sector. Furthermore, food security is improved in the transition from an emergency aid situation to more sustainable development. By the end of 2009, the fund had made financing decisions totalling EUR 837.2 million.

Bilateral cooperation and evaluation

The emphases of the international dialogue on food security and the Development Policy Programme were reflected in bilateral cooperation, especially in Zambia, Mozambique, and Nicaragua. In these countries, long-term rural development projects are carried out with Finnish aid. Interim evaluations of the projects in Zambia and Mozambique provided information and experiences for improving the current stages, and for planning the second stage that will commence in 2010.

Despite the difficult situation in Nicaragua, the successful rural development programme in the country was continued. The planning of an extensive rural development project was started in western Kenya, and the planning of a programme on the local economy continued in Tanzania. Rural development projects, which had continued for over ten years, were completed in Vietnam. The governments of Mozambique and Nicaragua were given sector support for implementing national agricultural programmes.

During 2009, particular attention was paid to the evaluation of projects in the rural sector. The activities are improved and re-directed on the basis of the evaluations. In addition to the

interim evaluations of bilateral projects, western Kenya's integrated rural development project, which was completed in the 1990s, was evaluated along with all of the development cooperation that was carried out in the rural sector in 1995-2009.

During 2009, the Ministry for Foreign Affairs financed three commissioned studies related to rural development. The cooperation network for rural development continued its work during the year. The aim of the network is to engage Finnish rural developers and rural actors in developing countries in interaction that benefits all parties.

The role of NGOs in rural development

NGOs carried out various types of rural development projects. Finland supported the organisation of farmers in developing countries through the development cooperation organisation of the federation of the world's producer associations. It is essential that small farmers become organised so that their products can reach the markets.

Development cooperation support for agriculture

Public development cooperation (ODA) for agriculture – agriculture, fisheries, rural development, and agricultural multilateral organisations (FAO, IFAD, WFP, CGIAR research institutions) totalled EUR 49 million. This amounts to approximately 6% of overall development cooperation in 2008 (the figures for 2009 are not yet available). The figure does not include general financing for international financial institutions, other multilateral funds, or funds allocated to agriculture through general budget support.



President of the Republic Tarja Halonen attended the Copenhagen climate summit. The Danish government presented her with the MDG3 torch prize as recognition for promoting the equality of women. Photo: Matti Nummelin.

Ecologically sustainable development

The sustainable use of natural resources and the prevention of global environmental threats are included among the most important aims of Finland's development policy and cooperation and constitute the foundation of all sustainable development. Developing countries are the first to suffer from negative environmental development, which means that they must also be involved in resolving the problems. National poverty reduction strategies of developing countries guide the use of development cooperation appropriations in developing countries. Finland's aim is to ensure that the sustainable use of natural resources and the prevention of environmental pollution are included to a sufficient extent in partner countries' poverty reduction programmes and in other national plans.

International environmental treaties and support for their implementation in developing countries are the basis for Finland in promoting ecologically

sustainable development. From the perspective of development cooperation, the most important treaties concern climate change, biodiversity, combating desertification and the safe use of chemicals and the safe handling of waste. Finland's development policy programme strongly emphasises the sustainable use and utilisation of natural resources, and this perspective has a direct impact on Finland's development cooperation.

The work carried out to develop a new international climate regime was the most important task in 2009. The outcome was a global consensus on a new approach that would limit the rise in global temperatures to two degrees Celsius. Finland actively participated in international negotiations and focused in particular on women and climate, and sustainable forestry.

In addition to international climate policy, projects and programmes promoting environmental development in the target region have been implemented in partner countries and regions. At the same time, the environmental and ecological perspectives have guided

other development cooperation. For example, solutions regarding the use of renewable natural resources have been sought for the energy sector, which is important for the economy.

The UN has had a pivotal role in coordinating international activities. Finland supported enhancing international environmental governance as part of the operational reforms to the UN. The objective is to establish the United Nations Environment Organization (UNEO) on the basis of the United Nations Environment Programme (UNEP). Finland participated in the activities of the United Nations Human Settlements Programme (UN-Habitat), which addresses issues relating to the sustainable urbanisation of developing countries. Moreover, Finland promoted the implementation of the UN conventions on biodiversity and desertification in different international forums and participated in the work of the United Nations Committee on Sustainable Development and the United Nations Forum on Forests. The fifth replenishment of the Global Environment Facility (GEF) was negotiated for 2010–2014. In the negotiations, Finland campaigned for clear additional funding, an expansion of the chemical sector, and strengthening the gender issue. International financial institutions supported by Finland, the World Bank in particular, also increased their activities in order to prevent climate change and to adapt to it. In this way, funding was provided for the production of clean energy and improving energy efficiency, as well as for measures promoting emissions trading, and the planning of other innovative funding methods. Finland also supported an improvement in the capacity of the clean development mechanism in developing countries with project financing through different development financing institutions.

Finland continued to be active in the World Bank's Forest Carbon Partnership Facility. This Partnership Facility supports the ability of developing countries to participate in international emissions trading related to forests. It aims to stop the deforestation in developing countries and to promote the sustainable use of forests.

Energy choices play a key role in combating climate change. In its cooperation in the field, Finland has stressed the importance of energy efficiency and saving, as well as the use of renewable sources of energy. As a result of the fluctuations in the price of energy, energy security and the availability of energy services have become increasingly topical in developing countries. The use of Finnish environmental technology in developing countries has been supported through the Finnpartnership programme.



Development policy relating to climate issues and development cooperation in 2009

Finland as an international opinion leader in climate issues

Climate change is one of the most serious development challenges. The role of the Ministry for Foreign Affairs at the Copenhagen Convention on Climate Change in December 2009 and in the preparations for the convention primarily related to developing countries and support activities for them – financing, the opportunities of developing countries to mitigate climate change and adapt to it, capacity building in the countries, and national reporting in developing countries. [end of part 2] Finland has been involved in a survey by the OECD/DAC/ENVIRONET on how development based on low-carbon growth can best be supported. The conference on climate change in Copenhagen gave rise to the Copenhagen Accord, which is a political consensus on international climate policy.

Climate projects funded by Finland

In 2009, Finland increased its aid for meteorological services in developing countries so that they would better be able to adapt to climate change. During 2009, the Finnish Meteorological Institute evaluated observation and weather service operations at weather service institutes in Central Asia. The purpose of the project is to develop the hydrometeorological services of local institutes and to strengthen their capacity. The Finnish Meteorological Institute also launched projects funded by the Ministry for Foreign Affairs aimed at developing meteorological services in southern Africa, the small island states of the Pacific, and in Peru.

Finland is supporting a pilot project of the United Nations Environment Programme (UNEP) with a total of EUR 2.3 million. The aim is to improve the competence of climate change officials in Southeast Asian countries, to promote regional networking and to provide tools for cooperation between the countries in matters related to the field. The project promotes the target countries' capacity to participate in the international climate negotiation process and the implementation of the new climate agreement, as well as to address climate change more broadly. The project cooperation commenced in 2008 and will end in 2011.

During 2008–2010, Finland will provide approximately EUR 2 million in financing for a project of the International Union for Conservation of Nature (IUCN). Its objective is to develop tools in Zambia, Mozambique and Tanzania for adapting to climate change, and to support decision-making in villages and at the national level. The project is examining operating models and considering measures that support adapting to climate change as part of the sustainable use of forests and water resources.

In 2009, Finland emphasised the inclusion of agriculture and forestry as part of combating climate change and adapting to it. This was pursued by financing two major projects of the Food and Agriculture Organization of the United Nations (FAO). The forest sector's four-year (2009–2012) "Sustainable Forest Management in a Changing Climate" project is being supported with a total of EUR 3 million. The goal of the project is to promote sustainable forestry and forest use as well as to prevent climate

change. Furthermore, Finland was the first country to decide to fund the agricultural sector project, "Agriculture as part of the prevention of climate change", with approximately EUR 2.6 million. The project improves the capacity of developing countries to benefit from opportunities aiming to mitigate climate change in the agricultural sector. This is pursued by improving the effectiveness of technology, policy and financing alternatives.

A natural disaster caused by climate change may very quickly destroy the fragile national economy of a developing country. Finland has been a pioneer in developing early warning systems on climate and weather information for developing countries, as well as related training. An independent evaluation was completed during the year under review, which stated that Finnish aid had been effective and significant.

Finland also funded commissioned research projects focusing on climate change and development issues. The research projects provide independent information to support the planning and execution of the Ministry's development policy and development cooperation. During the year under review, an independent evaluation was also completed on the inter-relationships between natural disasters, climate change, and poverty, and how they have been considered in Finnish development cooperation.

Gender equality in climate policy

Promoting the equality of the sexes is a cross-cutting theme in Finland's development policy and development cooperation. Finland has promoted the

inclusion of the female perspective in the new international climate agreement in different ways. At the same time, giving consideration to the skills, knowledge and activities of women has been emphasised in all climate change work. Finland has provided EUR 1.1 million of support for the Global Gender and Climate Alliance (GGCA), the objective of which is to include the gender perspective in climate policy, decision-making, and implementation. Furthermore, it is ensured that climate financing mechanisms equally benefit women and men. The GGCA's main actors include the UNDP, UNEP, IUCN, and WEDO. Finland has also provided EUR 0.5 million of support for the participation of women from developing countries in climate negotiations. At the Conference of the Parties to the climate agreement, the Danish Government presented Tarja Halonen, President of the Republic, with the Millennium Development Goal 3 Torch Award. It is recognition for promoting women's equality and a promise to implement the agreed measures promoting equality.

Climate financing

In 2001, Finland provided EUR 6.3 million in funding for the implementation of the objectives of United Nations Framework Convention on Climate Change (UNFCCC), which comprised both multilateral and bilateral financing. Climate financing increased to approximately EUR 27 million in 2008. The estimated climate financing in 2009 is approximately EUR 33 million (the precise statistics will be completed in spring 2010). Almost half of this is allocated to measures to combat climate change, one-third to capacity building, one-fifth to adaptation, and the rest to technology development and transfer.

The Global Environment Facility (GEF) and the UNFCCC's special climate



The Copenhagen climate summit in December 2009. Photo: Matti Nummelin.

change funds administrated by the GEF based on voluntary financing act as the financing mechanism of the climate agreement. These include the Least Developed Countries Fund, the Special Climate Change Fund, and the Kyoto Protocol Adaptation Fund. It receives its funding from a 2% tax collected from Clean Development Mechanism (CDM) projects. Financing other than that provided through funds under the agreement can also be regarded as financing under the agreement.

At the moment, Finland supports the GEF with EUR 7.8 million annually, but the ongoing additional financing round is likely to change this. One-third of GEF projects focuses on climate, especially on strengthening the capacity of countries and on mitigating climate change. Adaptation measures are mainly taken by means of special climate change funds (the LDCF and the SCCF) administrated by the GEF. The LDCF supports the planning and execution of the least developed countries'

National Adaptation Programmes of Action (NAPAs). The SCCF mainly supports climate change adaptation and technology transfer. In recent years, Finland's annual support for special climate change funds has totalled approximately EUR 2.5 million. In relation to the size of Finland, this constitutes a good contribution, but it is insufficient with respect to the needs of the funds.

The Copenhagen Accord of December promises a total of USD 30 billion in short-term climate financing for developing countries in 2010–2012. In the European Council in December, the EU committed to providing EUR 7.2 billion of financing. Finland's contribution to this is EUR 110 million, which is ODA-eligible development aid. The long-term annual goal of climate financing totals USD 100 billion in private and public financing by 2020. Furthermore, a new international climate fund, the Copenhagen Green Climate Fund, will be established to guide and control the climate agreement.



A UPM paper mill in Changshu, China. Photo: Matti Remes.

Economically sustainable development

Economically sustainable development is based on the growth of productive activities and trade. Increased production creates jobs and reduces poverty as well as the need of developing countries to finance public sector operations through development aid and debt. Trade enables specialisation, capitalising on the benefits of mass production, the distribution of technology and the acquisition of production factors that the country does not produce itself. Economic development must have an ecologically and socially sustainable foundation.

The growth of productive operations and trade require economies to be open and integrated. Development policy and cooperation can strengthen and diversify the economies of those developing countries that are not yet capable of capitalising on the opportunities

of international trade. The coordination of trade and development in a mutually supporting, coherent way is highlighted in Economic Partnership Agreement (EPA) negotiations between the EU and the African, Caribbean and Pacific Group of States (ACP countries).

Finland supports the aims of freeing international trade and regional integration in developing countries. At the same time, it is emphasised that the special needs of the poorest and most vulnerable developing countries must be taken into consideration. Finland promotes economically sustainable development in developing countries especially through Aid for Trade (AFT). The objective is to support productive capacity development in developing countries and to increase their ability to trade. The activities involve supporting trade policy, facilitating foreign trade, strengthening the operating environment of and skills in entrepreneurship and business life, as well as building an economic infrastructure.

Finland has influenced the development of the international Aid for Trade agenda through its active participation in the work of the EU, OECD, WTO and the UN. The close cooperation with the OECD Secretariat has also significantly contributed to the OECD's trade and development work, to which a total of EUR 200,000 in voluntary financing was channelled in 2009. Finland made a considerable contribution to the global Aid for Trade meeting led by the WTO, which was held in July 2009. In 2009, the preparation and publishing of UNCTAD's Information Economy report was also emphasized by providing support to deal with challenges related to the development of the information society in developing countries.

The action plan for trade and development progresses

Finland's Aid for Trade Action Plan (2008–2011) was effectively implemented in 2009. Finland's Aid for Trade is directed towards agriculture and forestry and the production of sustainable energy. Priority areas include private sector capacity building and exploiting the opportunities provided by the information society. Through the above, Finland's know-how creates clear added value to global sustainable development. Aid for Trade focuses particular attention on improving the position of women, together with other cross-cutting themes. Finland has supported private entrepreneurship, especially women's entrepreneurship, incubators for micro-enterprises and SMEs, training on entrepreneurship and rural businesses together with Finnish NGOs.

Finland promotes Aid for Trade, especially in the eight long-term partner countries and in four former transition countries in Africa, Asia, and Latin America. Furthermore, Finland has increased regional cooperation in Central America, the Andean region, eastern and southern Africa, the Mekong region, as well as eastern Central Europe, Central Asia, and the South Caucasus. The development policy framework programme for Africa, the Wider Europe Initiative (WEI), and the development policy framework programme for the Western Balkans, announced in December 2009, place a heavy emphasis on Aid for Trade.

Multilateral organisations are an important channel for Finland's Aid for Trade, especially in developing

trade policy and foreign trade. Key partners in 2009 included the United Nations Conference on Trade and Development (UNCTAD), the United Nations Industrial Development Organization (UNIDO), the International Trade Centre (ITC), the WTO's technical assistance programme (WTO-DDAGTF), and the Standards and Trade Development Facility (STDF). Finland was involved in the development work of the Enhanced Integrated Framework (EIF) programme and is one of its key financiers. The EIF is a joint programme of six international organisations, donor countries and least developed countries. Its goal is to promote the integration of the least developed countries into international trade. The InfoDev partnership coordinated by the World Bank was a significant move in 2009. It promotes the development of the innovation society through global functions, as well as country- and region-specific programmes in eastern and southern Africa, South and Southeast Asia, and Eastern Europe, Central Asia, and the South Caucasus.

Finland continued to support the International Centre for Trade and Sustainable Development (ICTSD); the UN's Global Compact Office, which promotes corporate social responsibility; the International Development Law Organization (IDLO), and the Consultative Group to Assist the Poor (CGAP). Finland also joined the Donor Committee for Enterprise Development (DCED) as a supporter. Finland supports the International Finance Corporation's (IFC) Advisory Services and Financial Crisis Programme to mitigate the impact of the financial crisis in developing countries.

Strengthening regional, South–South trade connections and cooperation is an essential element of Finland's Aid for Trade and promotion of economically sustainable development in developing countries. The Economic Partnership Agreements (EPAs) between the EU and ACP countries aim at promoting the development, regional integration and gradual integration into the world economy of ACP countries. So far, a comprehensive EPA agreement has only been concluded with the Caribbean region, in October 2008. In addition to trade in goods, it includes services, public procurement and open invitations to tender. During 2009, ACP regions and countries continued negotiating on first-stage EPA agreements. The significance of Aid for Trade will increase in the execution stage of EPA agreements.



Nicolas Kassimatis owns a sawmill in Quelimane, Mozambique. In Mozambique, forest use rights can only be obtained if a person owns a sawmill and provides jobs for local people. Photo: Juha Peurala.

Developing the private sector

The private sector and development policy

The private sector is of primary importance in achieving economically sustainable development. The Ministry for Foreign Affairs supports the development of the private sector and its activities. Financing allocated to private sector development is extensive, but it is difficult to distinguish from the flow of development financing. Only approximately 2% of development cooperation appropriations is allocated to private sector activities. The

demand for interest-subsidy credits is clearly on the rise.

The private sector is supported by the Wider Europe Initiative

The purpose of the Wider Europe Initiative (WEI) is to comprehensively promote stability, security and well-being in the Initiative's partner countries in Eastern Europe, the South Caucasus, and Central Asia. The planning of the Initiative considered support measures for supporting the private sector of the partner countries and for

mitigating the impact of the financial crisis. In 2009, planning started with the IFC for a private sector support programme for the entire area of the Wider Europe Initiative. The programme is developing a favourable operating environment for companies, provides support for corporate management and grants micro-credits. The content and priorities of the programme will be finalised in early 2010. The estimated total budget of the private sector support programme in 2010-2013 is approximately EUR 4 million.

Developing the private sector

The Ministry for Foreign Affairs provides direct support for private sector development in partner countries and as part of other development cooperation. Development policy tools are used extensively for developing the private sector and business environment in partner countries. Available tools include general and sector budget support, joint funds, bilateral and regional projects and programmes, as well as aid allocated through multilateral organizations and the European Union. Furthermore, information about economic development in developing countries is obtained through development research (the WIDER institute, the Academy of Finland, and commissioned research projects). The development programmes of Zambia's private sector and financial sector are an example of Finland's means of developing the business environment.

Support for the private sector

Private sector activities are supported through the Finnish development finance company Finnfund, the business partnership programme Finnpartnership, and interest-subsidy credits. Risk sharing, which is related to the launch of business operations and which aims at achieving development impacts, is an essential element in these private sector and public sector partnerships. Private sector operations can also be promoted with other instruments.

Finnfund offers long-term risk financing for commercially profitable projects in developing countries and Russia. Projects financed by Finnfund involve a Finnish interest, and they must have positive development and/or environmental impacts. In 2008, the Ministry for Foreign Affairs prepared

a capital increase of a total of EUR 60 million for Finnfund. The increase will be implemented as annual assignments of EUR 15 million.

Finnpartnership is a business partnership programme offering financial support for the planning and execution of business operations by Finnish companies in developing countries. Furthermore, advisory services related to the business in question are provided. The programme is administrated by Finnfund. The aim is to develop commercially profitable operations between actors in Finland and partner countries. In addition, a Finnish interest and the achievement of development impacts are emphasised. Aid has been granted to over 70 countries – especially to India, Vietnam, and China. The aid can amount to 30–70% of the project's total expenditure, although support for a single project is limited to EUR 250,000.

Interest-subsidy credits are for exporting Finnish technology to developing countries, which will have

significant beneficial development impacts in terms of the development of the partner country. The projects are generally public sector projects, and they must be commercially unprofitable. Interest-subsidy credits can be granted for low-income and low-middle-income countries. Decisions concerning the granting of interest subsidy is made by the Ministry for Foreign Affairs and the risks related to the credit are covered by Finnvera plc.

The terms and conditions for local cooperation appropriations available for diplomatic missions were amended in 2009. According to the new rules, appropriations may be used for supporting small-scale private sector activities.

The Ministry for Foreign Affairs has reviewed the need to develop tools for private sector partnerships. As a result of the review, consideration is being given to changing interest-subsidy credit into mixed credit, along with the establishment of a special risk fund in conjunction with Finnfund.





Opinion-leaders of the Son Soc district women's union in Vietnam discuss loan interest rates. Ms. Tam, the coordinator of the Finnish micro-credit project, says that the women have gained self-confidence during the project and have more courage to express their personal views. Photo: Vesa Mäkinen.

Socially sustainable development

Socially sustainable development is based on the rule of law, democracy and human rights, as well as good governance, and the work against corruption. The Government report on the human rights policy of Finland, submitted to Parliament in September 2009, emphasises human rights policy as a means of poverty reduction. Finland aims to reduce poverty by increasing the awareness of poor population groups and their representative organisations on their rights and opportunities

to influence societal development. Finland emphasises economic, social and cultural rights, the implementation of which is particularly significant for the poorest population groups. The poor constitute a priority for human rights policy: women, children, the disabled, indigenous peoples, and different minorities. The cross-cutting goals of development policy are based on the implementation of the human rights of these population groups. Finland has been active within the UN Human Rights Council in order to implement the rights of those living in extreme poverty. Finland has also put forward an initiative on a resolution concerning the right for an adequate standard of living.

The EU's democracy agenda made clear progress in 2009. During the EU Presidency of the Czech Republic and Sweden, Finland strongly promoted its view on the idea that democracy cannot be externally introduced to a country. The approach was recorded as the basis for the EU's democracy work under the Council's conclusions. Finland was involved in creating a monitoring system for the United Nations Convention Against Corruption (UNCAC). This was implemented in November in Qatar at the 3rd Conference of the Parties to the Convention.

Strengthening the competence and capacity of developing countries through education and development work are key elements of socially sustainable development. The objectives are promoted by supporting the development of the information and knowledge society, as well as education and capacity development, which are included in the priorities of the Development Policy Programme. The tools of institutional cooperation are new ways of strengthening know-how and capacity. In the education sector, the focus has shifted from support for basic education to the comprehensive development of education systems, and to support for higher and vocational education. Education is included in the main sectors of cooperation in Nepal, Ethiopia, Mozambique, the Palestinian Territories, Kosovo, the countries of the Andean region, and Central America. Finland provides multilateral support for development, especially by granting general support for different multilateral organisations. The most important of these are UNICEF, the World Bank, regional development banks, and the EU's development cooperation. Close cooperation was carried out with the Ministry of Education in 2009 with regard to synergy between education export and development cooperation, global education, and the importance of cultural sectors in development cooperation. NGO development cooperation continued to strongly focus on the different aspects of socially sustainable development, thus supplementing other bilateral and multilateral development cooperation.

Higher education plays a key role in the sustainable development of societies. In the year under review, Finland financed two university cooperation programmes through development cooperation appropriations. The North-South-South Higher Education Network Programme, administrated by CIMO, supported intensive

courses and personnel exchanges between institutes of higher education in Finland and developing countries. Another programme on cooperation between higher education institutions was also launched in 2009, which strengthens the capacity of higher education institutions.

During 2009, global health was on the agenda of the UN General Assembly, among others. The role of health in development was also discussed by ECOSOC and the WHO. The EU Court of Auditors prepared a special report on the Community's health sector measures in sub-Saharan Africa. The EU Commission started to draw up a notice on the role of the EU in global health. Finland actively participated in the work related to both processes. The new Government report on the human rights policy of Finland emphasises the sexual and reproductive health rights. These issues were highlighted in the work of both the UN and the EU during the year. Finland systematically promoted a human rights-based approach in the discussions.

Finland started its four-year membership in the UN Commission on Population and Development. Finland finds population issues an essential part of resolving global challenges. A series of follow-up meetings to mark the 15th anniversary of the Cairo International Conference on Population and Development took place in 2009. A thematic seminar was held in Finland on the population growth and sustainable development. The seminar addressed global population development, its impact on sustainable development, and the means for achieving well-balanced population development.

Funds for local cooperation are an important tool for promoting socially sustainable development. These have been used in particular for supporting local democracy, a more responsible exercise of power, good governance, regional security, and conflict prevention. Further support has been provided for grass-roots level projects promoting human rights, social and gender equality, as well as improving the living conditions of and participation by the poor. Funds for local cooperation are available in all Finnish diplomatic missions in Africa, and most countries in the diplomatic missions' operating areas have benefited from them.

Finland continued to support the Political Parties of Finland for Democracy (Demo Finland). Demo is an independent cooperative organisation of Finnish



14-year-old Enkunesh Tsehay, who studies in Addis Ababa, Ethiopia, wants to become an engineer first of all and then a researcher. Photo: Pirjo-Liisa Heikkilä.

parliamentary parties in the register of political parties. Demo aims to promote multi-party democracy through projects carried out in developing countries. During the year under review, the Demo's operations focused on Nepal and Tanzania. The activities were also evaluated, and preparations for the new programming period commenced in the latter part of the year.

Security and development are complementary

During the year under review, greater attention was focused on the interdependence of security and development. Both the Development and Security document and Finland's Comprehensive Crisis Management Strategy, drawn up under the direction of the Ministry for Foreign Affairs, strengthen the comprehensive approach to conflict prevention, management and post-conflict recovery and reconstruction. Dialogue on the subject also continued in a security and development team led by the Ministry for Foreign Affairs.

One aim of Finland's National Strategy for Civilian Crisis Management is to ensure national readiness for Finland's potential national and multilateral civilian crisis management functions, with their focus being on Finland's special expertise, such as developing cooperation with the authorities. Participation in civilian crisis management was increased to the level of 150 experts. Support for improving developing countries' own security structures was strengthened. By combining development cooperation and crisis management methods, Finland continued to support the development of the civilian police in Afghanistan and the Palestinian Territories. The Crisis Management Centre, which comes under the Ministry of the Interior, implements police and prosecutor cooperation training for the Afghan

authorities through development cooperation appropriations. The training, carried out as a bilateral programme, commenced in 2009. Finland participated in the training of the Afghan National Army (ANA) as part of military crisis management.

An average of 25% of the expenditure for civilian crisis management training financed by the Ministry of the Interior is eligible for ODA, that is, considered as public development cooperation in 2008 and 2009. During 2009, a total of 22 students from ODA countries attended civilian crisis management courses arranged by the Crisis Management Centre. Twenty Finnish experts who participated in the courses started working with civilian crisis management tasks in developing countries.

Finnish support for the development of peace and security in Africa was strengthened through the partnership between the EU and Africa and through Nordic cooperation. A support project funded by development cooperation was launched to strengthen peace mediation by the African Union. Finland participated in an EU team supporting the preparations for a crisis management exercise (AMANI AFRICA) by the African Union. A Nordic advisory team was established in Nairobi to support the development of an Eastern African standby force. As part of Nordic cooperation, Finland participated in training for African police officers deployed in crisis management operations.

In 2009, the Finnish Institute for Verification of the Chemical Weapons Convention (VERIFIN) continued to provide training for chemists in developing countries. The training has been provided since 1990, and its objective is to promote expertise on identifying chemical warfare agents, improve the quality and safety of laboratories in developing countries, and to improve awareness of environmental matters and good governance.



A Finnish peacekeeper at work in Afghanistan. Photo: Matti Remes.

Development and security

The themes of development and security have become an increasingly important part of development policy. Globalisation underlines the interaction between and interdependence of development and security. Geographically and thematically, Finland already operates very extensively in this sector. The Ministry for Foreign Affairs has strengthened its own operations, based on the principles of development policy, the aim of which is to support a positive cycle of development and security. The "Development and Security in Finland's Development Policy – Guidelines for Cooperation" document was completed during the year under review. Furthermore, Finland's Comprehensive Crisis Management Strategy was drawn up under the direction of the Ministry for Foreign Affairs and through cooperation between different ministries.

Both documents aim to strengthen a comprehensive approach to conflict prevention, management and post-conflict recovery and reconstruction.

Comprehensive security is the basic principle

Development policy and development cooperation as well as strengthening human rights, democracy and the rule of law are key tools in preventing violent crises and conflicts as well as in post-conflict situations. In accordance with the Development Policy Programme, Finland emphasises a comprehensive concept of security, which strengthens the mutual connection between security, development and human rights. Finland aims to enhance the ability of developing countries to prevent violent conflicts, reduce structural inequality, and improve the

potential for disadvantaged people to influence their own and their country's development. Violent conflicts may be caused by several factors: a financial crisis, a food crisis, competition for natural resources, and human rights violations. They may lead to violence breaking out, but the reasons underpinning them often go deeper. The political, economic and social problems underlying conflicts and violent crises must also be addressed.

The international basis for Finnish operations

Finland's work to promote development and security is based on respecting and implementing the principles of international law and conventions, as well as the principles and operational programmes agreed within the EU, UN and OECD. Finland is enhancing its

cooperation with other Nordic Countries and with African countries in particular.

Finnish research institutes of foreign and security policy were invited to the security cluster operations that launched in January 2009. The aim is to develop security and development research projects, as well as to promote cooperation and networking with research institutes in the partner countries. The link between security and development is examined from a development cooperation perspective in line with the concept of comprehensive security. The objective is to promote stable development in partner countries and to provide information to act as the basis for further development cooperation planning, and especially planning for the Wider Europe Initiative.

Geographical priorities

In accordance with the Development Policy Programme, Finland supports countries suffering or recovering from violent conflicts: Afghanistan, Kosovo, Bosnia-Herzegovina, Sudan, and the Palestinian Territories. Finland's long-term partner countries, Nepal, Kenya and Ethiopia, are usually defined as fragile states. Zimbabwe can also be considered as a country recovering from a violent crisis. In 2009, Finland continued to actively participate in military crisis management. Participation in civilian crisis management was expanded to the level of 150 experts. At the same time, support for developing the security structures of the countries concerned was increased. Finland continued to support the development of the operations of the civilian police in Afghanistan and the Palestinian Territories by combining development cooperation and crisis management methods. Finland participated in the training of the Afghan National Army (ANA) as part of military crisis management.

Finland operates through the African Union (AU), especially with regard to issues relating to security and social development. To support peace building by the African Union, Finland put forward an initiative on a Finnish Partnership with Africa for Sustainable Development. Finland has channelled development aid into conflict resolution in the Horn of Africa and the Great Lakes region in particular. A project strengthening the AU's peace mediation capacity was launched through development cooperation. As part of crisis management cooperation, Finland participated in an EU team supporting the preparations for a crisis management exercise (AMANI AFRICA) by the African Union. A Nordic advisory team was established in Nairobi to support the development of an Eastern African standby force. As part of Nordic cooperation, Finland continued to participate in the training of African police officers deployed in crisis management operations. Mine clearing was supported in Somalia and Angola, and peace building in Guinea-Bissau. In addition, the implementation of United Nations Security Council Resolution 1325 on Women, Peace and Security was supported.

Reinforcing stability and security are priorities of the Wider Europe Initiative and the Development Policy Framework Programme for the Western Balkans. A conflict prevention project was launched in the Crimean region in the autumn of 2009. The purpose is to promote stable development in the Crimean region. The project is being implemented by the Peace Action Training and Research Institute of Romania (PATRIR) in cooperation with the Brussels-based Centre for European Policy Studies (CEPS). Priorities in Asia include Nepal and Afghanistan, where Finland has support programmes based on the countries' development strategies.

Thematic priorities

Thematic activities emphasise ensuring security and justice, and creating an operating environment that supports economic development and employment. Support is also given for promoting the transparency and effectiveness of state administration, and the state's accountability towards its citizens. The cross-cutting themes occupy an essential role in development and security.

Civil society plays an important role

Civil society has an important role to play in creating the conditions for security and development. It can give momentum to initiating peace processes and act as a watchdog in monitoring public authorities. People's everyday security is based on local and communal safety nets. NGOs complement multilateral development cooperation and facilitate an early recovery as well as reconstruction and disaster prevention. NGOs also act in many conflict-prone countries with a low level of security, where Finland has no diplomatic mission. In many cases, NGOs are the only parties with access to areas suffering from severe security problems. Civil society plays an important role in disseminating information and can give advance warning on conflicts.

Humanitarian aid for promoting development and security

In real conflict situations, humanitarian aid is often the only available form of assistance. It mitigates extreme poverty and promotes peace building in conflict zones. Humanitarian aid is not a crisis management tool, but it assists in protecting the victims of conflicts and crises as well as in empowering them.



Processing cashew nuts is a major source of employment for women in Africa. Photo: Satu Santala.

Long-term partner countries

Finland's long-term partner countries in Africa are Tanzania, Ethiopia, Kenya, Zambia and Mozambique. Development cooperation is planned on the basis of Finland's Development Policy Programme and the national development and poverty reduction programmes of the partner countries. Reducing poverty requires balanced economic growth that also benefits poor and vulnerable population groups, as well as the sustainable use and utilisation of natural resources. The Development Policy Framework Programme for Africa, drawn up in 2009, emphasises strengthening agriculture, forestry, a well-functioning private sector and trade in order to achieve economically sustainable development.

In accordance with the Development Policy Programme, the Framework Programme for Africa also underlines the significance of climate and environmental issues, as well as addressing the challenges of climate change and the food crisis. Cooperation in the water and sanitation sector has been important in the field of ecologically sustainable development. Finland has

promoted socially sustainable development in many different African countries by supporting democracy and good governance, the development of the rule of law, the promotion of human rights and gender equality, the strengthening of civil society, conflict prevention, and the education and health sectors.

Finland monitors the implementation of the programmes of multilateral actors, the European Commission, development financing institutions and the UN system in general and contributes to them in accordance with its policy decisions. Multilateral cooperation and EU cooperation have highlighted Ethiopia's democratic development, human rights violations, and the long-term border dispute with Eritrea. These have created pressure to restrict the aid provided to the countries in question, and have affected the choice of cooperation tools. Multilateral actors are also involved in some projects implemented through Finland's bilateral support.

The regional meteorology project, launched in late 2009, promotes meteorological cooperation between the countries of Southern Africa. The aim of the cooperation

is to produce reliable information and more accurate weather forecasts and to develop an early warning system for extreme weather phenomena.

ETHIOPIA

In 2009, Finland's country- and region-specific cooperation in Ethiopia totalled EUR 11.5 million.

Cooperation in Ethiopia focuses on education and water supply. In the education sector, Finland has continued to develop the quality of education and children's special needs education. In addition to financial support, Finland actively participates in dialogue with the Ethiopian administration on the development of the education sector.

Finnish support has improved the coverage of water supply and sanitation services, as well as catchment basin management in rural Ethiopia. Water projects supported by Finland have developed a community-based financing model, where village communities are required to contribute at least 15% towards the costs. This has improved project ownership and sustainability.

In 2009, Ethiopia's water programme was expanded to cover the management and development of catchment basins as part of the Eastern Nile development programme. In this way, the sustainable use of water resources is promoted and people's opportunities for subsistence are improved in villages.

The regional expansion of the water programme to Sudan has been prepared. This would cover the development of the lower course of the Blue Nile in a more extensive way.

Water sector cooperation since 1994

Finland's support for the Ethiopian water sector, which began in 1994, is divided into water supply and sanitation, water resource management of the Eastern Nile, as well as sustainable land management. Support focuses on the Tana-Beles growth corridor, which is located in north-western and western Ethiopia, and the purpose of which is to act as an engine of food production, development and economic growth for the entire country. The support received by Finland's water and land cluster programme in 2007-2014 will total EUR 53.3 million.

The Community Development Fund (CDF), developed for the effective channelling of funds, is at the core of Finland's water supply and sanitation sector support. The funds are channelled through a local private financing institution directly to communities, which are themselves responsible for constructing the wells and conducting the tendering process for the materials. According to an analysis commissioned by the World Bank in 2010, the CDF has clearly led to higher cost efficiency, a faster construction pace and more sustainable results.

Finland also supports catchment basin management and development implemented nationally in Ethiopia, but which is nevertheless part of the broader Eastern Nile development programme. The objective is to improve the opportunities for subsistence of Ethiopians dependent on agriculture-at the village level through economic development based on renewable natural resources. The support also has a more comprehensive impact on the capacity to adapt to the changes caused by climate change.

The objective of sustainable land management, commencing in 2010, is to enhance rural living conditions and economic well-being by improving land use and increasing production, while maintaining natural resources.



Photo: Pirjo-Liisa Heikkilä.



*In Kenya, Finland has in particular supported promoting the status of women. A street view in Nairobi.
Photo: Matti Nummelin.*

KENYA

In 2009, Finland's country- and region-specific support for Kenya totalled EUR 5.8 million.

In Kenya, Finland has cooperated in the forest, water and energy sectors in particular. An extensive cooperation programme was launched in the forest sector to strengthen Kenya's forestry and forestry administration. The water sector is a new target for cooperation. Finnish aid is allocated to water resource management and protection, as well as water supply services in the poorest rural communities and areas that are difficult to reach.

In recent years, Finland has supported Kenya's rural energy supply by drawing up a comprehensive electrification plan. Support has also been allocated to developing the national peace process, democracy, the rule of law, as well as good and effective governance.

Finland has supported the promotion of human rights and especially the position of women. The Women and Governance programme promotes the status and

participation of women in society. An evaluation of a completed programme, which was implemented in western Kenya and supported by Finland, stated that the status of women had improved. Through the programme, women have obtained technical skills, which has increased their importance and independence. In Kenya, Finland has also chaired an EU team in charge of human rights issues.

MOZAMBIQUE

In 2009, Finland's country- and region-specific support for Mozambique totalled EUR 26.6 million.

Economically sustainable development in Mozambique is supported through the PROAGRI Sector Programme for Rural Development. The programme aims to improve agricultural productivity and increase farmers' income. An extensive science, technology and innovation cooperation programme was prepared in 2009. It aims to

promote innovative activities by the private sector and grass-roots communities. At the same time, technology that is ecologically sustainable and which reduces poverty is developed and introduced. General budget support for Mozambique strengthens the country's economic development and the business environment.

Finland has continued its programme cooperation in Mozambique's education and health sectors. This has

supported the implementation of Mozambique's poverty reduction programme. The aim has been to improve the management of public finances, to reduce corruption and to increase regional and social equality. Finland also supports Mozambique's country-specific evaluation. It is an extensive evaluation and concerning the implementation of the Paris Declaration and involves 30 participants.



A committee that monitors natural resources considers how best to use the funds received from forests in the village of Ninhote. Photo: Juha Peurala.

Sustainable use and management of forests in Mozambique

Mozambique has the highest forest coverage in southern Africa, but this important natural resource is threatened by fires and illegal felling. Finnish support is used in drawing up new practices for the country, which will enable the sustainable use and protection of forests.

The starting point is the country's own national forest programme, which will be updated to meet current requirements in cooperation with Mozambique's Ministry for Forestry. Forests are important carbon sinks and the programme, launched in August 2009, highlights the importance of forests in combating climate change and adapting to it. Forests are also strongly linked to other rural development and land use planning, village forestry and communities' own management of natural resources. Finnish support for the forest programme totals EUR 11.4 million in 2009–2014.

A rural development project in the province of Zambezia has provided training and support for local communities. The objective is to achieve the sustainable use of natural resources, which includes tree planting and reducing forest fires. At the same time, stoves using less firewood have been introduced, and people have been provided with advice on more sustainable agricultural methods. Finland also emphasises the sustainable use of natural resources in Mozambique's agriculture sector programme.



Finland leads environmental cooperation between donors in Zambia. A photo from the Forest Department of the Ministry of Environment and Natural Resources. Photo: Matti Nummelin.

ZAMBIA

In 2009, Finland's country- and region-specific support for Zambia totalled EUR 15.7 million.

Finland and Zambia have been involved in development cooperation in many different sectors since the 1970s. Support is now allocated to implementing the objectives of Zambia's fifth national development programme. The cooperation sectors have been selected together with the Zambian government so that they complement the division of duties of other donors.

Finland supports the development of private sector production and trade in an ecologically sustainable way. Finnish aid is allocated to developing the private sector, agriculture and rural development, as well as to the

environment and natural resources. The development of good governance and public administration is the programme's cross-cutting theme.

Finland is involved in a private sector support programme that aims to improve the operating environment of enterprises. Further support is given to a value voucher project for enterprise support services and a wide-ranging support project on growth and employment. The business partnership programme (Finnpartnership) grants support for business operations of Finnish companies in Zambia. The Finnfund and the NORSAD Fund promote the financing of private sector projects.

Finland is a leader in environmental cooperation

Finland is the leading partner in Zambia's environmental sector and supports the Zambian Ministry of Tourism,

Environment and Natural Resources by developing its competence and capacity. An agriculture and rural development project is supported in the Luapula Province, promoting the commercialization of fishery, fish farming and agricultural production, as well as the development of entrepreneurship. Finland also supports the operations of the Zambia National Farmers Union, and the Asian Development Bank's (ADB) construction project on small-scale irrigation systems. Support is also received by local NGOs carrying out environmental work.

In Zambia, Finland monitors the implementation of programmes of multilateral actors, the European Commission, development financing institutions and the UN system, and contributes to them in accordance with its policy decisions. Multilateral actors are involved in some projects dealing with private sector development, agriculture, the environment and good governance.

The strengthening of civil society is supported through appropriations for local cooperation, joint projects between Finnish and Zambian NGOs, and through the North-South-South exchange programme managed by CIMO.

Support for climate change work

Finland finances a climate change adaptation project in Zambia, Mozambique and Tanzania with a contribution of approximately EUR 2 million. In cooperation with the International Union for Conservation of Nature (IUCN), the project develops tools for helping countries to adapt to climate change and to make related decisions in villages and in national development planning.

States, local communities, private actors and NGOs together consider the opportunities and operating models. A particular focus is on examining the development of measures and policies supporting climate change adaptation as part of the sustainable use of forests and water resources. The measures are included in the countries' respective development plans and poverty reduction strategies. The three-year project (2008-2010) is providing information and experiences that can also be applied more broadly at the international level.



A cashew farmer based in Lindi, Tanzania, uses a mobile phone for marketing the products. Photo: Satu Santala.

TANZANIA

In 2009, Finland's country- and region-specific support for Tanzania totalled EUR 31.6 million.

Tanzania was the first country to receive development aid from Finland and has become one of Finland's closest development partners. During the last decade, the two countries' relations have been expanded on the basis of a new partnership approach. The coherence between political questions, development cooperation and trade policy is an essential element of the approach.

In Tanzania, Finland has supported reforms to the local administration and the system of central government transfers to local government. Local administrative reform is one of the key reforms within Tanzanian public administration, and aims at better administration and services, as well as reducing poverty. The system of central government transfers to local government supports municipal investments in basic services.

Finland and Tanzania concluded an agreement during 2009 and 2010 on setting up an Institute for Sustainable Development in Tanzania. The objective is to reinforce the capacity of Tanzania, and later on other African countries as well, to participate effectively in international negotiations and to consider ecologically, socially and economically sustainable development in their development

plans. Finland strongly supported cooperation in the forest sector, emphasising the development of forestry.

A programme promoting the information society in Tanzania was launched during 2009. Finland's parliamentary parties support a democracy programme focused on the women's sections of Tanzanian parties. The programme was evaluated before the start of its latest stage.



Photo: Martti Lintunen.

A new Institute for Sustainable Development in Tanzania

A centre for sustainable development, supported by the Finnish and Tanzanian governments, is to be established in Dar es Salaam, the Tanzanian capital. This is a new move in development cooperation and is a part of the implementation of the Finnish Government's Development Policy Programme. The centre was launched in March 2009 and Finland is providing financing totalling EUR 7 million, which will be allocated to starting up the operations and securing the funding for the first years.

The Institute is a training centre that provides practically applicable research information to African actors in different fields. In particular, the Institute supports the capacity of Tanzanian and other eastern African officials to participate in regional and international negotiations, in which issues related to sustainable development are considered. Tapani Vaahtoranta has been appointed as the Programme Director of the Institute.

The main task of the centre is to provide training related to ecologically, socially and economically sustainable development. Furthermore, the impacts of these issues on Africa are investigated. The objective is to strengthen African countries so that they can attain their sustainable development objectives more efficiently. At the same time, they will also be able to participate in international trade, environment and climate negotiations more effectively.



A country like Sudan, which is recovering from a crisis, needs development cooperation, humanitarian aid and crisis management. A photo from a refugee camp in Darfur. Photo: Timo Karmakallio.

Countries recovering from violent crises: The Horn of Africa

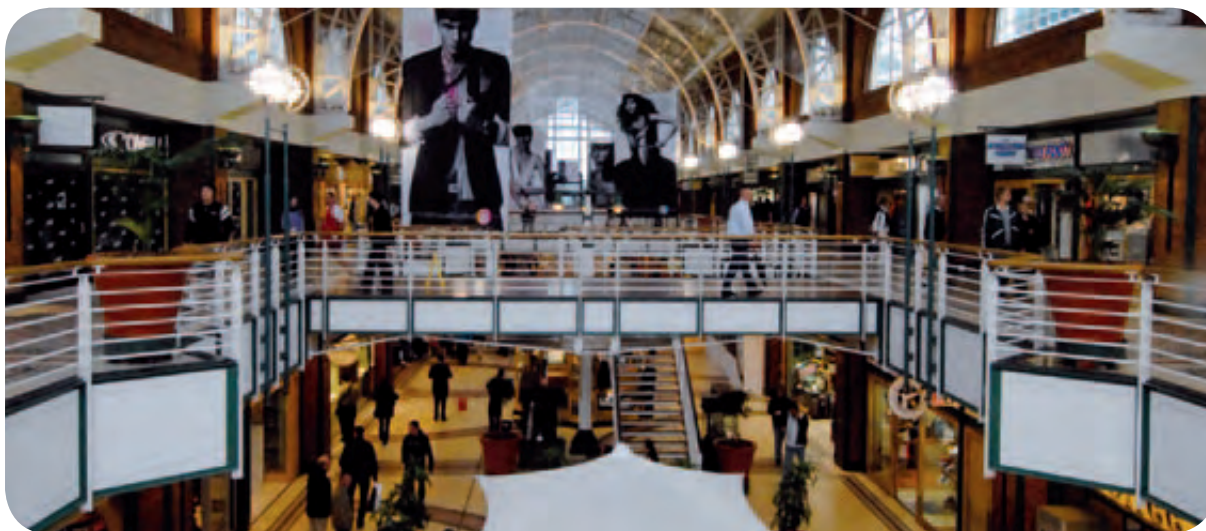
In the Horn of Africa, Sudan and Somalia are recovering from violent crises, and Finland employs development policy measures, among others, to support their development. Supporting countries recovering from violent crises requires a comprehensive approach whereby development cooperation, humanitarian aid and crisis management are coordinated to achieve the best possible overall effect. Finland considers improving the region's own crisis management capacity to be important and has supported the Intergovernmental Authority on Development (IGAD).

Since 2005, Finland has supported the reconstruction of South Sudan through a multi-donor trust fund, managed by the World Bank. In 2009–2011, Finland channelled a total of EUR 10.5 million through the fund. Since intergovernmental forest sector cooperation ended, the Viikki Tropical Resources Institute of the University of Helsinki has continued academic research cooperation

with Sudan. Cooperation has been carried out through funds from the Academy of Finland and the University of Helsinki, among others. An inter-institutional project with the forest administration of South Sudan has been financed since 2008.

Bilateral cooperation between Finland and Somalia ended in 1991 due to the unstable situation in the country. Finnish support for Somalia since then has mainly been in the form of humanitarian aid and support channelled to NGOs. However, Finland is ready to participate in Somalia's stabilisation and reconstruction as part of a UN-led process, once the country's internal situation so allows.

As a new initiative, Finland is supporting a water supply and sanitation project in north-western Somalia (Somaliland) through UNICEF with a total of EUR 2 million in 2010–2012. A health sector project is being implemented in northern Somalia by the International Organisation for Migration (IOM). Health sector experts of Somali background living in Finland have participated in the project and shared their know-how with the region's healthcare personnel.



A shopping mall in Johannesburg. Photo: Martti Lintunen.

Other partner countries

SOUTH AFRICA

Finland's support for South Africa totalled EUR 7.9 million in 2009.

Cooperation between Finland and South Africa is changing from traditional donated aid to partnerships and cooperation projects in other southern African countries. Finland finances science and technology projects relating to the information society in South Africa, which are enhancing the national innovation system and devising information society strategies for the provinces. ICT applications are also being developed, especially for the country's remote areas. The objective is to create an equal information society intended for all citizens. The projects support South Africa's national development goals and develop partnerships between South African, Finnish and international actors.

Finland also supported the development of small entrepreneurship and strengthening civil society. Finland and South Africa launched the first tripartite project to support the Biosciences Network in southern Africa in cooperation with the New Partnership for Africa's

Development (NEPAD). The first inter-institutional cooperation project, launched in 2009, provides South Africa with training on data security.

NAMIBIA

Finland's support for Namibia totalled approximately EUR 3.3 million in 2009.

Finland and Namibia switched from bilateral project-based development cooperation to more varied forms of cooperation during 2004–2007. Finland aims in particular to increase trade and investments with Namibia. Projects under the inter-institutional cooperation instrument and inter-institutional cooperation intended for higher education institutes were prepared in 2009. The first inter-institutional cooperation instrument project is being implemented between the Geological Survey of Finland and the Namibian Ministry of Mines and Energy.

Finland supports the strengthening of Namibian civil society. Namibia is also involved in many projects of the regional programme for southern Africa. Cooperation between municipalities is carried out through a cooperation programme managed by the Association of Finnish Local and Regional Authorities.

Thematic and regional cooperation

In accordance with the Development Policy Programme and the Framework Programme for Africa, Finland is increasing regional and thematic cooperation in Africa, particularly in Western Africa. In 2009, planning was carried out in the fields of forest and climate cooperation and improving food security. An energy and environment partnership programme was prepared in southern and eastern Africa, the aim of which is to promote the sustainable use of renewable energy. This aim is being pursued by strengthening the competence and know-how of private sector actors in issues related to energy

production. In 2009, approximately EUR 18 million was used for regional cooperation in sub-Saharan Africa.

The Development Policy Framework Programme for Africa, finalised in 2009, emphasises climate and environmental questions, crisis prevention and management, as well as support for peace processes. Development based on human rights, economic prosperity and the implementation of fundamental rights are not possible without socially sustainable development. Promoting sustainable development in Africa requires that the status of women and girls is improved and that gender and social equality is promoted. Improving the rights of easily excluded and vulnerable groups is a requirement for sustainable development in Africa. HIV/AIDS must be considered both a health and a social issue. The fight to stop the virus from



Visitors to a marketplace in Ghana can find virtually anything. Photo: Matti Nummelin.



The Red Cross provided an opportunity to have an HIV test in Mocuba, Mozambique. Photo: Juha Peurala.

spreading is a major development challenge in several African countries. The Framework Programme supports Finland's aims of rapidly addressing the challenges in the global operating environment, especially problems caused by the economic and financial crisis.

Closer cooperation with the African Union

In January 2009, Finland put forward an initiative to launch a sustainable development partnership with the African Union (Finnish Partnership with Africa for Sustainable Development). The aim of the initiative is to deepen the dialogue and cooperation between Finland and the AU on sustainable development. On the basis of its own development history, Finland is able to bring added value to the AU's efforts to promote comprehensive and balanced development in Africa. As part of the sustainable development partnership, Finland supported an information technology summit, organised by the AU in January 2010, by funding the work of an expert

for the African Union Commission. The EU-Africa Infrastructure Trust Fund was supported as part of the implementation of the Joint Africa-EU Strategy.

In the field of socially sustainable development, Finland supports enhancing the AU's peace mediation capacity. In March 2009, Finland organised a high-level seminar on the subject. International NGOs specialising in crisis and conflict issues are also important channels for promoting socially sustainable development. Finland supported the Small Arms Control Programme of the Economic Community of West African States (ECOWAS). Finland financed a programme managed by the World Bank to demobilise and reintegrate former soldiers into society in the African Great Lakes region. Further support was given to Burundi refugees, who have been living in Tanzania since 1972, to obtain citizenship and for repatriation through the Office of the United Nations High Commissioner for Refugees (UNHCR). In the Middle East and North Africa, Finland supports the operations of the Office of the United Nations High Commissioner for Human Rights (OHCHR) by financing the work of an advisor on equality and women's rights.

In the field of ecologically sustainable development, Finland supported regional water and sanitation work in Africa through the Water and Sanitation Program of the World Bank. The sustainable use of natural resources is supported, for instance, by financing a sustainable construction project of the United Nations Environment Programme (UNEP). A regional project, launched in late 2009, promotes meteorological cooperation between the countries of southern Africa. The cooperation aims to produce reliable information and more accurate weather forecasts and to develop an early warning system for extreme weather phenomena.

Finland promotes economically sustainable development in Africa through the eastern and southern African energy and environment partnership, approved in 2009, as well as through the regional innovation partnership with Southern Africa. In 2009, a project surveying the investment environment in Southern Africa and a project to enhance the viability of African enterprises were launched. The development of the information society was also supported through the UN Economic Commission for Africa (UNECA).



Finland and Vietnam start cooperating in the fields of employment, labour training, and the mobility of labour. The Pha Rung dockyard. Photo: Kari Rissa.

Long-term partner countries

VIETNAM

Finland's country- and region-specific aid to Vietnam totalled around EUR 15 million in 2009.

Cooperation focuses on water and sanitation, the forest sector, and rural development. The cooperation was also expanded to cover building the information society. In November, the prime ministers of Finland and Vietnam signed a Memorandum of Understanding on labour and industrial policies. The aim is to promote cooperation in the sectors of employment, labour policy, workforce training, and the mobility of labour, for example. Further focus areas include innovations, regional development, sustainable energy solutions and environmental matters.

Developing local government and promoting good governance are important themes in the projects in

Vietnam that are supported by Finland. The One UN process aims to improve the efficiency of the UN's operations and potential to support the Vietnamese government in its development goals.

Support for a forest sector fund was continued, and support for technical assistance was launched in order to develop Vietnam's forest information systems. The involvement of the private sector is increased through the fund, and the economic and environmental importance of forests is reinforced.

In the water sector, the second stage of the water supply and sanitation project for small towns got underway. The objective is to support the development of water supply and wastewater management on the basis of demand and consumer needs. Vietnamese legislation in the water and environmental sectors as well as urban planning have also been supported by the programme.

From now on, support for poor regions in Vietnam will be channelled through the national programme for poor mountainous areas. The programme has helped



A project of FIDA improves education opportunities for the disabled in Vietnam. Photo: Elina Pulkka.

Vietnam to become an industrial information society

In the coming years, development cooperation between Finland and Vietnam will increasingly focus on Vietnam's new future challenges, building the information society, and combating climate change. In its plans for 2010–2020, the Vietnamese government underlines the importance of science and technology. Vietnam aims to become an industrial information society during this decade. At the same time, the number of business partnerships will be increased so that they can eventually be based to a greater extent on financing other than development cooperation financing.

The Innovation Partnership Programme (IPP), launched in August 2009, supports Vietnam's legislation and strategy development work on science and technology. In addition, innovation directors are trained for the public and private sectors. The project promotes innovation partnerships between Vietnam's national and international actors.

improve the regions' infrastructure, boosted and diversified production as well as enhanced non-agricultural businesses.

The areas supported by projects of Finnish NGOs include education for the disabled, the prevention of physical and mental punishment, promoting the registration of births, hygiene education, improving working conditions, local democracy and the creation of a national epic.

NEPAL

Finland's country- and region-specific aid to Nepal totalled around EUR 10.2 million in 2009.

Cooperation focused on the education sector and the natural resources sector, which includes water and sanitation, forests, the environment and climate change. In addition, Finland supported the Nepalese peace process, human rights and democracy.

In 2009, the main emphasis of bilateral development cooperation in Nepal clearly shifted to the natural resources sector. Finland launched three new forest sector projects: a forest inventory project, a leasehold forestry project, and a livestock project. In addition, an inter-institutional project on mapping forest resources was started. In the water sector, Finland supports the development of Nepal's rural water and sanitation services and local environmental management.

Aid for Trade was launched in Nepal in 2009. Nepal's Aid for Trade cooperation is prepared simultaneously with regional and thematic cooperation in Asia. An investment protection agreement signed between Finland and Nepal in February 2009 will increase the opportunities for enhancing economic cooperation.

In connection with a sector-wide approach in basic education in Nepal, Finland has implemented a bilateral project on developing multilingual teaching in Nepal. The sector-wide approach and the pilot project supporting multilingual teaching were completed at the end of 2009. In 2009, Finland, together with the Nepalese government and other donors, participated in the preparatory work on educational reforms and a five-year sector-wide approach programme supporting



Siblings in Thecho, Nepal, enjoy school. Photo: Marja-Leena Kultanen.

Good results in basic education

The education sector is very important for the development of a fragile state such as Nepal. Education is needed for eradicating the causes underlying conflicts and for promoting the country's internal integration.

During 2004-2009, Finland together with other donors supported the Education For All (EFA) sector-wide approach to supporting basic education in Nepal. The programme has achieved good results. The number of children attending elementary school has increased every year by 2.5%, and on the completion of the programme, a total of 92% of children in the age group start school.

The status of children in the most marginalised position has clearly improved, and the differences between the school attendance of girls and boys have almost completely been eliminated.

By supporting education, Finland has promoted Nepal's stability and equality. Girls now have better opportunities to participate in basic education, and the number of female teachers is higher than before.

the reforms. The reforms emphasised the development of vocational education in particular.

Support for the peace process was continued through the UN Peace Fund for Nepal. At the same time, Finland was involved in the preparations for the second stage of the fund. Finland supported the drafting of a new constitution for Nepal through a project carried out by the International Institute for Democracy and Electoral Assistance. Finland supported the Office of the United Nations

High Commissioner for Human Rights (UN OHCHR) that has been set up in Nepal, and Nepal's National Human Rights Commission. A democracy programme in Nepal supported by Finnish parliamentary parties was evaluated and found to be mainly successful. Local ownership will be further strengthened during the new stage of the project. Funds for local cooperation were used to contribute to improving human rights in Nepal as well as alleviating inequality and the consequences of the conflict.



A disabled veteran in Kabul. Photo: Rauli Virtanen.

Countries recovering from violent crises

AFGHANISTAN

Finland supported Afghanistan with actual development cooperation funds of around EUR 15 million in 2009.

In addition to country- and region-specific development cooperation, the support includes humanitarian aid and NGO cooperation. The total development aid (eligible for ODA) for Afghanistan totalled EUR 18 million in 2009, if civilian crisis management and civilian engagement in crisis management are included.

The Government completed a comprehensive action programme on Afghanistan in April, covering Finland's support measures in crisis management, development cooperation and humanitarian aid.

The development of good governance is a priority area for Finland. The ARTF fund, which is supported by Finland and administered by the World Bank, pays the salaries of teachers and other officials. In addition, the fund promotes development, administration and the status of women at the village level. Good governance has also been supported by funding the UNDP's Law and Order Trust Fund for Afghanistan (LOTFA), and by launching a project on developing cooperation between prosecutor and police. The Reconstruction Team, which operates under the International Security Assistance Force (ISAF), also included Finnish civilian experts.

Finland supports Marie Stopes International, an organisation that aims to improve the status and reproductive health of women in Afghanistan. The organisation has approximately 200,000 customers every year.

For many years now, Finland has been one of the main financiers of the Afghanistan Independent Human Rights Commission (AIHRC).

Afghanistan is one of the 23 developing countries participating in the second-stage evaluation of the implementation of the Paris Declaration. Finland is supporting Afghanistan's country-specific evaluation as part of this process.

Small-scale enterprises in rural Afghanistan

Reducing rural poverty is a major challenge for Afghanistan. The National Solidarity Program (NSP), supported by Finland and managed by the World Bank, supports the recovery of economic and productive activities in rural areas. The government of Afghanistan grants an aid package of USD 20,000–60,000 to every village in the country. The villages appoint a village council, make plans on reconstruction and projects in a participatory way, and make their accounting publicly available. The government determines the framework and is responsible for the funds, and NGOs implement the programme. The programme is managed and monitored by an international company. Through the contribution from the programme, development councils have been established in over 17,000 villages, and over 27,000 project plans have been approved.

Micro-credit programme creates employment for women

The results of the Microfinance Investment Support Facility for Afghanistan (MISFA) are among the best of the programmes in Afghanistan. So far, the programme has reached over 450,000 customers, of which over 60% are women. One micro-credit has created an average of one-and-a-half jobs, which means that a total of almost 700,000 new jobs have been created in Afghanistan.

The majority of female borrowers establish new small-scale enterprises and enter working life for the first time in their life. The majority of male borrowers expand their already existing small-scale entrepreneurial activities. The Afghan culture encourages enterprise, which makes customer acquisition easy. Approximately 96% of the credits have been paid back.

The operations are built on Afghanistan's cultural strengths and special characteristics. The programme relies on the Afghans' entrepreneurial spirit and cooperation with religious leaders. The success of the micro-credit project in creating employment for women shows that most men approve of women participating in working life if this increases the income of the poverty-struck family. The improved economic status of women has also enhanced their social status.



The traditional ferry crossing the Mekong river plies back and forth at Kampong Cham in Cambodia, in spite of the completion of the bridge that can be seen behind. Photo: Timo Kuronen.

Thematic and regional cooperation

REGIONAL COOPERATION IN THE MEKONG

The regional plan for the Mekong covers Cambodia, Laos, Thailand and Vietnam. Thematic cooperation has been incorporated into the regional plan.

Thematic cooperation is implemented especially in less developed countries, Laos and Cambodia, and it strengthens regional integration and development.

Dialogue with regional actors and countries in the Mekong is deepened. At the same time, the regions are examined comprehensively from the perspective of security and trade. All projects in the Mekong region emphasise the cross-cutting themes.

Regional cooperation projects in the Mekong region emphasise the natural resources and environmental perspective. Regional cooperation focuses on fields in which Finland has expertise and in which Finnish added value has been created. These fields include developing environmental management, forests, rural development, and the sustainable use of water and natural resources. A decision-making and information system has been developed for the Mekong River Commission through Finnish support. In addition, capacity has been strengthened,

support services in the hydroelectric sector and a water supply fund have been supported, and a modelling expert has been hired. Finland supports the Asian Development Bank's (ADB) regional environment programme, which develops environmental reporting, the evaluation of strategic environmental impacts, and the protection of biodiversity.

Finland supports the International Union for Conservation of Nature's (IUCN) regional water dialogue on the Mekong, which increases awareness of the sustainable and equitable use of water resources. Good governance and the participation of easily excluded groups in decision-making and planning are also promoted. Together with the World Bank, Finland financed the planning stage of a regional programme on preventing the illegal timber trade. Together with the NDF, Finland supported the regional Energy and Environment Partnership Programme, which promotes the use of renewable energy, and energy efficiency, as well as mitigates the impacts of climate change. The aim of the programme is to also establish partnerships with Finnish actors and to promote technology transfer.

Finland enhances the opportunities for entrepreneurship and the private sector to function. Small and medium-sized companies are sources of growth, and they reduce poverty. SMEs are supported through the Mekong Project Development Facility (MPDF) managed by the IFC.

Renewable energy in the Mekong region

The Energy and Environment Partnership Programme With the Mekong Region (EEP) was launched in 2009. The programme includes Cambodia, Laos, Thailand and Vietnam, and the regional office of the programme is located in Bangkok.

The aim is to improve the use of renewable energy and to reduce greenhouse gas emissions in the Mekong region. The immediate objective is to emphasise the use of renewable energy in the countries' strategies.

The programme supports the use of renewable energy and promotes energy efficiency and the transfer of cleaner energy. Support is available for innovative projects, presentations and preparing reports, as well as for training and strengthening skills. Support is granted for actors in the public and private sector, universities, research institutes and NGOs. Particular focus is given to the poor and women in rural areas. Topical matters are discussed at forums organised annually in order to develop renewable energy. At the same time, cooperation between actors in donor countries and partner countries is promoted.

Finland is supporting the three-year project with financing totalling EUR 4.5 million, and the Nordic Development Fund is providing EUR 3 million. The first application round in December 2009 resulted in a total of 156 project applications.

Central Asia and Eastern Europe

The Wider Europe Initiative was boosted through funds for local cooperation. This promoted the activities of the local civil society in Eastern Europe, the South Caucasus, and Central Asia with a total of EUR 0.6 million during 2009. In the Ukraine, funds for local cooperation were used to support energy efficiency, the use of alternative forms of energy, and for demonstrating the expertise of Finnish companies in the field. Projects strengthening the know-how and capacity of partners countries have been implemented through inter-institutional cooperation projects during the year under review. At the same

time, Finnish added value has been capitalised on in the projects in a concrete and visible way.

An evaluation on Finland's development work in the South Caucasus and Central Asia was completed during the year under review. According to its conclusions, the projects with the best added value have been bilateral, and Finland's potential added value is directly proportionate to the amount of available resources. These recommendations have been taken into consideration in the implementation of the Wider Europe Initiative.

Wider Europe Initiative

The Wider Europe Initiative, a development policy framework programme covering Eastern Europe, the South Caucasus and Central Asia, was launched during 2009. The initiative complements Finland's foreign and security policy in these regions through development policy measures. The aim of the framework programme is to extensively promote stability as well as economic and social development. The initiative underlines regional conflict prevention, support for peace processes, and environmental cooperation. The Initiative's thematic priorities include security, trade and development, information society development, energy and the environment, and social sustainability. The funding framework for the Wider Europe Initiative is over EUR 70 million in 2009-2013.

The Wider Europe Initiative's cooperation partners include international organisations (OSCE, FAO, ILO, UNDP, UNECE, UNEP) and financial institutions (EBRD, IFC, NIB, WB), as well as Finnish agencies and departments. The Geological Survey of Finland, Statistics Finland, the Finnish Meteorological Institute and the Finnish Environment Institute were given approval to implement inter-institutional development cooperation projects. Finnish research institutions started cooperating with local parties in research on security and development. Support for business partnerships was also considered to be a potential form of cooperation in the Wider Europe Initiative. The implementation of the objectives of the Wider Europe Initiative emphasises the exploitation of Finnish know-how and resources, as well as safeguarding Finland's opportunities to have its voice heard in the administrative bodies of the different programmes. The aim was to systematically include the cross-cutting themes of Finland's Development Policy Programme in all activities.



The financial growth and capacity to trade of partner countries is promoted by supporting small-scale entrepreneurship. Photo: Karri Eloheimo

Long-term partner countries

NICARAGUA

Finland's country- and region-specific aid to Nicaragua totalled around EUR 9 million in 2009.

Nicaragua's country programme emphasises the development of municipal government and supporting good and democratic governance. A municipal development project was completed in 2009, which successfully improved the living conditions of municipal residents and created a climate that is friendly towards entrepreneurs. At the same time, it proved possible to increase the tax revenues of municipalities. A programme on developing information technology in the municipal sector has improved municipal services and made administration more transparent. Finland also supports a multi-donor basket fund, which has been used for funding over 80 good governance development projects.

In the rural sector, Finland has four programmes that aim to reduce poverty, improve food security and diversify rural livelihoods and export production. The programmes are complementary and involve national institutions as far as possible. Particular focus is given to improving the living conditions and status of women. Climate change is having a strong impact in Central America, and observing the changes is an important part of the programmes.



Otilio Jarquin works as a supervisor at a coffee farm in Matagalpa. The farm provides permanent employment for around 80 employees, and the daily salary of the coffee pickers is approximately USD 2. Photo: Outi Einola-Head.

Since 2005, aid for the Nicaraguan health sector has been channelled into a sector-wide approach that aims to improve access to and the quality of health services and to develop health care management and maternal health. Finland also continues to support sexual and reproductive health and rights as well as equality through an NGO fund. In addition, support is provided for a sexual and reproductive health project aimed at young people, which is being implemented by the United Nations Population Fund (UNFPA).

Finland and Nicaragua held talks over their future cooperation

Bilateral cooperation negotiations took place in Helsinki in November 2009 on the future cooperation between Finland and Nicaragua, as well as on setting policy on Finland's development cooperation. Other bilateral political and commercial questions, and issues related to international cooperation were also addressed.

Finland discontinued its general budget support for Nicaragua in 2008, and for the time being is not going to reintroduce it due to Nicaragua's internal development. In recent years, Finland has cooperated with Nicaragua in the rural, health and good governance sectors, which have received support totalling approximately EUR 11 million. Finland increasingly allocates its cooperation to strengthening civil society and the private sector.

In the negotiations, Finland expressed its concern over the weakening democratic situation in Nicaragua. Parliamentary and presidential elections will take place in Nicaragua in 2011. Finland emphasised the importance of holding elections in a democratic and transparent way, and by respecting the principles of the rule of law.

Income and empowerment for women

The Fomevidas programme has supported a honey production cooperative of one hundred women living in dry areas. The honey produced by the women is supplied to the European market, which means that they are also involved in international trade. Many of the women are single parents or widows, and they do not own land. Through the programme, their income has risen and they can, for example, have their children educated.

The women's cooperative has been strengthened, and together they are now able to demand better services from society. The programme has found that living conditions in poor areas can be improved more effectively through women, since women consider the interests of the community in a holistic way.

Municipal "information agencies" promote the empowerment of residents

Finland finances information agencies (oficina de información) in Nicaraguan municipalities, and their aim is to provide residents with all possible information about the municipal administration. In this way, residents can more actively participate in joint decision-making.

All public municipal documents are now available on the municipalities' respective websites. Residents can follow the budget implementation of their municipality and monitor its transparency over the Internet. They can also file complaints to the municipal management. This is the first step towards active resident participation in municipal planning and towards increasing the transparency of municipal administration.

Equality Work in Nicaragua

By the end of 2009, a total of 60 projects in 45 municipalities had been supported by an NGO fund supporting equality and sexual and reproduction rights. In this way, it has been possible to increase awareness, especially among women, of sexual and reproduction rights.

The projects have focused on women's rights, violence against women, contraception, abortion and HIV/AIDS. Women who have suffered violence have received both psychological and legal help. The fund has been used as a means of exerting influence at the local and national level to prevent violence and to legalise medical abortion.

The fund was launched at the end of 2005 by Finland, the Netherlands and the United Nations Population Fund (UNFPA). It has received finance from a total of nine donors. Finland is also supporting the fund's operations in 2009-2013.

20-year-old Juannia Roches Tengo is a single parent of a nine-month-old boy. In the future, Juannia would like to work in the social sector. Photo: Outi Einola-Head.





The planning of the BIOCAN environmental programme was completed in 2009. The programme promotes the sustainable use of biodiversity. The Peruvian Amazonia. Photo: Matti Nummelin.

Thematic and regional cooperation

CENTRAL AMERICA AND THE ANDES REGION

In addition to Nicaragua, regional cooperation in Central America comprises Guatemala, Honduras, El Salvador, Costa Rica, Panama, Belize, and partially also the Dominican Republic. The abundant natural resources in Central America could be used for supporting the region's growth in the energy and forest sectors, for example. However, natural resources have not been used in a sustainable way, and their benefits have not been channelled into reducing poverty. Environmental policy, legislation and structures must be strengthened, land use procedures must be changed, and eco-system services must be developed.

Bilingual education for indigenous peoples

A project supporting bilingual education in Central America, implemented in 2005–2009, provided supplementary training for teachers belonging to the indigenous peoples of Guatemala. When teaching the youngest comprehensive school pupils, in addition to Spanish, they are now able to use the Maya languages, Kaqchikel, Mami and Xinca, as well as Garifuna, which is spoken by the Afro-Caribbean population of Honduras.

At the same time, research into these peoples' own culture at universities has been strengthened, and the special characteristics of their world views have been introduced as part of the school curriculum. The project clearly increased the school attendance of girls belonging to indigenous peoples.

Central America and the Andes region

The second stage of the Central American Energy and Environment Partnership ended in 2009. The European Commission came onboard to finance the third stage of the project. During 2009, a decision was also made to support the Inter-American Development Bank's Knowledge Economy fund and the Caricom development fund in the Caribbean region. A dozen inter-institutional development cooperation projects are being planned in Latin America, mainly relating to meteorology, agriculture and forestry.

In Central America, support has been given for indigenous people's bilingual and multicultural education as well as human rights education. It helps reinforce both academic education and awareness of indigenous people's leaders. Human rights education programmes have involved indigenous women in particular, and cooperation is also carried out with NGOs. The work of the International Commission against Impunity (CIGIC) was supported in Guatemala through multilateral cooperation. The year 2009 was the last year of implementation of the local administration development project in Honduras. Finland financed three projects aiming to develop women's rights and water supply. Funds for local cooperation were used for supporting the rehabilitation and education of disabled children.

Women promote human rights in Honduras

In Honduras, Finland has allocated funds for local cooperation to support a project on strengthening the networks of human rights promoters belonging to indigenous peoples and other ethnic groups. The project is linked to a regional human rights project supported by Finland.

The project focuses on the participation of women, and the majority of the promoters are women. At first, women were shy of participating and giving their own views. As a result of many years of work, women have become active and strong participants. Both women and men now consider the participation of women to be important for the entire community and its development.



*A kitchen without a chimney in the Peruvian Andes.
Photo: Martti Lintunen.*

THE ANDEAN REGION

In the countries of the Andean region, regional cooperation focuses on energy, the environment, forests, climate change, and ecologically sustainable development. Projects are implemented among rural population and indigenous peoples. The Energy and Environment Partnership Programme in the Andean Region was planned in 2009. It increases the energy efficiency and use of renewable sources of energy, bioenergy, and clean technology. A regional forest partnership project planned in 2009 strengthens the role of forests in development plans and supports sustainable development in the Andean region. The aim is to increase sustainable forestry and forest planting. In addition, preparations were made for the BioCAN environmental programme of the Andean countries, and its planning stage was completed.

in 2009. The programme is improving opportunities for planning the sustainable use of biodiversity.

The Peru-Ecuador border project promoting social development, implemented in cooperation with UNICEF, was completed in 2009. The project has improved the quality of life of indigenous people and strengthened the region's social and productive development through education, healthcare and local institutions. The ability of the region's municipalities to develop their own initiatives has been strengthened in particular. In Peru, support was given for DEVIDA's (the agency for fighting drugs) field project investigating alternative forms of

income for indigenous people and supporting moving away from drug production.

The bilingual education project EIBAMAZ, implemented in the rain forest regions of Peru, Bolivia, and Ecuador, supports the inclusion of bilingual education in universities' curricula, the education of bilingual teachers, as well as research and the production of material related to the field. Finnish added value has also been capitalised on through the University of Helsinki's expert assistance. The project's first stage ended in 2009. A two-year extension will be implemented in order to safeguard the results of the project.

Renewable energy in the Andean countries

Five million people live without electricity and energy in the Andean countries, especially in rural areas. The region has favoured fossil energy resources, and has neglected the use of renewable sources of energy. During 2010-2012, Finland will provide support for the Energy and Environment Partnership Programme in the Andean Region totalling EUR 6.25 million. The aim is to increase the energy efficiency and use of renewable sources of energy, bioenergy, and clean technology. At the same time, greenhouse gases will be reduced and sustainable development promoted.

The programme improves the living standards of poor populations in rural areas and indigenous people dependent on natural resources, in particular, as well as reduces poverty. The purpose of the programme is to support new, innovative project ideas of local actors in the energy and environment sector, as well as to share information and experiences.

Finnish added value for the project can be found in the processing and use of biomass, for example, as well as in the use of solar and wind power, as well as energy efficiency. Biofuels and the use of the *Jatropha* oil plant are arousing extensive interest in the region. The experiences obtained from a similar programme in Central America can be exploited in the Andean region. The Energy and Environment Partnership Programme may also give rise to joint projects between Finnish companies and those in the Andean region.

*Cultivation of the Jatropha oil plant in El Salvador.
Photo: Matti Nummelin.*



The Western Balkans



Improving employment and education is an important development policy goal in all countries in the Western Balkans. Finland promotes economically sustainable development in the region through cooperation supporting trade and development. Photo: Matti Remes.

THE WESTERN BALKANS

The disintegration of Yugoslavia and resulting wars and conflicts stunted the social and economic development of the Western Balkans, and consequently the region's development fell behind the rest of Europe. The countries in the region are among the poorest in Europe. In the Western Balkans, the European Union and the international community aim to support the stability and security of the countries in the region as well as their integration into the European Union. All the countries in the region are pursuing EU membership, but their integration into the EU is at different stages. Finland has comprehensively supported regional stability and security in the Western Balkans, and the countries'

integration into the EU through foreign and security policy. The means employed include military and civilian crisis management, economic activity and development cooperation.

The economies of the Western Balkans are small. Due to economic sustainability, it is particularly important that the countries effectively and successfully transfer to a well-functioning market economy. Improving employment and education is an important development policy goal in all countries in the region. Finland promotes economically sustainable development in the Western Balkans through cooperation that supports trade and development. The European Bank for Reconstruction and Development (EBRD) was Finland's main partner in the region. Finland financed the bank's Western Balkans

fund, which was used to provide technical assistance for the bank's loan projects in the countries in the region. In addition to traffic and municipal infrastructure projects, the fund was used to support the development of institutions and tourism, legislation required by the market economy, the financial sector and micro-credits, as well as strengthening local entrepreneurship. The Western Balkans Investment Framework (WBIF) is a new cooperation venture between the EU, the EBRD, the European Investment Bank (EIB) and the Council of Europe Development Bank (CEB).

Stability, trade and environmental cooperation

The implementation of Finland's development policy and development cooperation in the Western Balkans is guided by the regional Development Policy Framework Programme for 2009–2013, which includes four inter-linked themes. The first theme, stability and security, focuses on Kosovo, which is the most unstable of the Western Balkan countries. Finland promoted stability and security by supporting intercommunication between the countries. Within the second theme, Aid for Trade, Finland aims to enhance investment in the Western Balkans, which will increase the production capacity of the countries in the region. Finland also allocated support to economic development, employment and improving the business environment, especially in rural areas.

The third theme, the environment, is a priority in Finnish regional cooperation. The countries in the region are small and they share the same environmental concerns. Ecological sustainability challenges include water protection and use, the preservation of biodiversity and the illegal felling of forests. Addressing these issues requires local communities to participate in problem-solving. Cooperation and communication in concrete environmental issues bring countries closer to each other and build confidence between them, thus contributing to regional stability. Economic growth and reducing poverty can also be addressed through the environment. Finland's main partners included the Regional Environmental Center (REC) and the European Forest Institute (EFI), with whom Finland implemented environmental education projects. Finland has also financed UNDP

and FAO projects in the region. In addition, ecologically sustainable development is included in regional and national investment projects and local development projects supported by Finland.

The fourth theme is social sustainability, and cooperation in this field was primarily carried out in Kosovo. Improving the public financial administration of Kosovo is an important part of the SEDPP programme, which is managed by the World Bank and which also receives financing from Finland. In other countries, social sustainability was supported, for example, through funds for local cooperation of Finnish diplomatic missions. These were used for supporting local NGO projects aiming at strengthening civil society. Finland continued to carry out a support project on special education, in which the University of Jyväskylä from Finland was involved together with the University of Pristina and Kosovo's Ministry of Education. In Bosnia-Herzegovina, a project to develop disability policy, supported by Finland, ended in the autumn. Social sustainability is related to the theme of stability and security. In Kosovo, Finland finances small-scale projects of Finnish peacekeepers, that is, so-called civil-military cooperation (CIMIC), and the resettlement programme of the Kosovo Protection Corps.



Construction workers at work in Kosovo. Photo: Matti Remes.

The Mediterranean and the Palestinian Territories



*Finland supported children in Gaza by assisting the Summer Games camp in Gaza organised by UNRWA.
Photo: Anna Savolainen.*

THE MEDITERRANEAN AND THE PALESTINIAN TERRITORIES

The Development Policy Programme defines the Palestinian territories as a partner country recovering from a violent crisis. Finland's multi-year bilateral aid aims to support the Middle East peace process by developing the Palestinian National Authority. At the same time, the prerequisites for the creation of a functioning Palestinian state are laid down. The support is based on the Palestinian Reform and Development Plan (PRDP). Finland carries out cooperation in the education, land and water sectors, and supports the operations of the civilian police. Finland also supports the Palestinian National Authority through international financing arrangements, such as the Pegase mechanism managed by the European Commission, and through a joint fund of the World Bank.

In 2009, Finland supported the development of the education sector, improving the operations of the civilian police, promoting the psychosocial situation of children in Gaza, as well as improving the rights of journalists and a free press. Moreover, the Palestinian National Authority was assisted in paying salaries. In addition to the above, preparations for new projects in the water sector and land registration continued. Finland

also provided humanitarian aid through the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), the International Red Cross, and FinnChurchAid. At the beginning of 2009, Finland became a member of the advisory body of UNRWA.

In 2009, Finland supported children in Gaza by assisting the Summer Games event in Gaza organised by UNRWA. The objective of the event was to provide children with a break from the surrounding poverty and conflict by arranging recreational activities during the summer holiday. At the same time, children's mutual tolerance and respect were strengthened.

Regional cooperation in the Middle East and Northern Africa region was continued by supporting the Regional Industrial Pollution and CO2 Emission Abatement Project for Arab Countries (RIPECAP). Finland will also start to support the operations of the Office of the United Nations High Commissioner for Human Rights (OHCHR) by financing the work of an advisor to promote equality and women's rights. In Egypt, inter-institutional cooperation was prepared in the mental health sector and to protect cultural relics in the country. The Helsinki School of Economics and the University of Cairo started cooperating and prepared a new support programme for higher education institutions (HEI ICI).

Successful cooperation in the education sector

The education sector has been one of Finland's successful areas in bilateral development cooperation. When cooperation started in 1997, the Palestinian National Authority had just been established and the curriculum for the Palestinian territories was being developed. Finnish support has been allocated to improving the quality of basic education and administrative efficiency, as well as to producing learning material and developing the curriculum. Good progress was made regarding education sector support during 2009, and as of the beginning of 2010, Finland together with other donors are changing over to use sector budget support. The main objective is to improve the quality of education.



Photo: Rauli Virtanen.



In September 2009, DAC Chair Eckhard Deutscher and Minister Paavo Väyrynen discussed the transatlantic sustainable development partnership between the EU and the United States. Photo: Vuokko Ritari.

EU cooperation strongly promoted Finland's development policy goals based on the principles of complementarity, effectiveness and coherence. The EU's development policy in 2009 was marked by the global economic crisis and its impact on developing countries, the preparations for the climate negotiations in Copenhagen, and anticipating the changes introduced by the Treaty of Lisbon.

Finland's development policy guidelines on having an influence within the EU were finalised in 2009. This will help promote Finland's influence in the sphere of development policy in the European Union, in accordance with the Government Programme and Finland's Development Policy Programme. The policy decision emphasises strengthening the global role of the EU.

Finland's initiative was received well in the EU

In January, Finland presented an initiative on a transatlantic partnership between the EU and the United States

concerning sustainable development. It was promoted during the year among the EU's development ministers and between the EU and the United States. The initiative is a prime example of Finland's successful influence in strengthening the global role of the EU. The aim of closer development policy dialogue between the EU and the United States is to promote poverty reduction and sustainable development, especially in the poorest countries.

The initiative was well-received in the EU and the United States. Transatlantic cooperation in the field of development policy was included in the conclusions of the European Council in June, and in the statement of the EU-US summit in November as well as in its separate appendix on development. In this way, the Finnish initiative became an EU initiative and part of the joint operations of the EU and the United States, the aim of which is to attain the development policy goals that are considered key from Finland's perspective.

During the EU presidency of the Czech Republic, the Commission issued a communication in order to

further the commitments on EU development policy. It expressed a strong view on how the EU should support developing countries during the economic crisis. Other key themes during the Czech Republic's presidency included consideration of the development dimension in the Copenhagen climate agreement, local sustainable sources of energy in developing countries, democratic governance, the eastern dimension of EU development policy, and environmental aspects in development cooperation. In the spring, the Council adopted the negotiating directives issued to the Commission relating to the second review of the Cotonou Agreement, and negotiations on the Agreement commenced. Planning the support concerning the implementation of the Economic Partnership Agreements (EPAs) progressed, and some of the first-stage EPAs were signed. The meeting of the General Affairs and External Relations Council in May issued conclusions on many of the aforementioned themes, and Finland participated in preparing the conclusions through working groups of the Council.

Finland's key development policy priorities during Sweden's EU presidency included the transatlantic partnership on sustainable development, institutional

questions regarding the EU, and the connections between climate and environmental issues and development. These were related to the Copenhagen climate agreement negotiations. In addition, Finland contributed to the preparation of an action plan on the effectiveness of EU development cooperation, and to improving the efficiency of the EU's approach towards development policy coherence. Other key issues included the second review of the Cotonou Agreement, drawing up the action plan on democracy support in EU external relations, as well as the evaluation of the EU's measures on combating HIV/AIDS, malaria, and tuberculosis.

The Treaty of Lisbon, which came into force on 1 December 2009, launched clear changes in the administration and structures of the EU's external relations. The European External Action Service (EEAS), established as a result of the Treaty, is directly linked to the organisation of development policy in the EU. Finland has considered it to be important that the changes improve coherence in the EU's external relations, clarify the current management of development issues, strengthen the guiding importance of development policy principles, and reinforce the EU's global role.

The EU supports stability in the Western Balkans

Since 1999, the EU has supported the reconstruction and stabilisation of the Western Balkans region, and the resulting integration into the EU. This is also supported through considerable economic aid. Since 2007, Western European countries and Turkey have received preparatory support for expansion from the European Commission through the Instrument for Pre-Accession Assistance (IPA).

EU financing has been used for improving the countries' basic structures and for developing governance. Some of the support has been allocated to regional programmes. The EU is the largest donor in the countries in the region. In Kosovo, for example, the EU has provided almost EUR 3 billion in support since 1999. The Commission's proportion of that amount is approximately EUR 2 billion, and the rest comes from the member states. Kosovo's IPA programme for 2009 amounted to around EUR 106 million.

As an EU member country, Finland participates in deliberations on IPA programmes through Finnish diplomatic missions in the countries and at the capital city level in Brussels.



Photo: Matti Remes.

United Nations

The impacts of the global economic and financial crisis were addressed at a high-level meeting of the UN General Assembly in New York in June 2009. As a result of the meeting, the voice of the UN and developing countries were more clearly heard in the international dialogue on the economic crisis. Finland has allocated its UN economic and social sector support to the United Nations Development Programme (UNDP), the United Nations Fund for Population Activities (UNFPA), the United Nations Children's Fund (UNICEF), and the World Food Programme (WFP). At the same time, Finland has actively contributed to the most important UN health agencies and programmes, such as the World Health Organization (WHO), the UN Programme on HIV/AIDS (UNAIDS), the UN Population Fund (UNFPA), and the Global Fund.

Finland was actively involved in the Economic and Social Council (ECOSOC) and in the work of the Second Committee of the 64th UN General Assembly, which deals with issues relating to economic growth and sustainable development. International health issues were the theme of the High-Level Segment of the ECOSOC Substantive Session that took place in Geneva in July. Finland participated in the preparations for the high-level Development Cooperation Forum (DCF) under ECOSOC, and promised to organise one of its preparatory symposiums. The Under-Secretary of State of the Ministry for Foreign Affairs with responsibility for development policy is a member of the advisory group of the DCF. Finland chaired ECOSOC's Commission for Social Development (CsocD) in 2008–2009.

The work of the Food and Agriculture Organization (FAO) focused on the global food crisis and the reforms to the FAO's Committee on World Food Security. In November, Finland participated in the FAO's World Summit on Food Security, during which new international measures were agreed on. In 2009, Finland also supported the International Fund for Cultural Diversity of UNESCO, which promotes cultural activities in developing countries and UNESCO's Education for All process. Finland increased its support for the Office of the United Nations High Commissioner for Human Rights (OHCHR), intensified its cooperation with the Office, and supported the activities of voluntary funds operating in developing countries.



Helen Clark, Administrator of the UNDP, visited Finland in 2009.

In 2009, Finland was strongly involved in UN-mandated crisis management operations and UN peacekeeping operations. The UN's crisis management operations range from proactive measures and peacekeeping to post-conflict peacebuilding. Finland has also provided financial support for the Peacebuilding Support Office (PBSO) and the Peacebuilding Fund (PBF), which operate in the UN's headquarters in New York.

United Nations Development Programme (UNDP)

- **Mission:** to promote sustainable human development
- **Fields of priority:** achieving the MDGs and reducing poverty, good governance, the sustainable use of the environment and energy, conflict prevention and post-conflict recovery and reconstruction, as well as HIV and AIDS work. A key role in country-level coordination of the UN system's development functions.
- **Activities:** in 166 countries, with more than 130 field offices; responsible for the UN's local coordination system
- **Administrator:** Helen Clark (New Zealand), Headquarters in New York
- **Finland's general contribution in 2009:** EUR 19 million.

United Nations Population Fund (UNFPA)

- **Mission:** Supports the governments of member nations in the fields of population policy and reproductive health.
- **Fields of priority:** reproductive health, population and development, gender equality and the status of women. In practice, support is provided for access to contraceptive methods, education on reproductive health, operational programmes to end female genital mutilation and to prevent the spread of HIV.
- **Activities:** Operates in over 150 countries 112 field offices.
- **Executive Director:** Ms. Thoraya Ahmed Obaid (Saudi Arabia); headquarters in New York.
- **Finland's general contribution in 2009:** EUR 21 million.

United Nations Children's Fund (UNICEF)

- **Mission:** Promotes children's rights and the fulfilment of their basic needs. Operations are based on the Convention on the Rights of the Child.
- **Fields of priority:** the survival of small children, health and development, basic education and equality, children and HIV/AIDS, protecting children from violence, discrimination and abuse, and safeguarding and advancing awareness of children's rights. The agency is also an active actor in providing humanitarian aid.
- **Activities:** Operates in 156 developing countries and 36 industrial countries, and has 36 national committees, including UNICEF Finland.
- **Executive Director:** Anthony Lake (United States). Headquarters in New York
- **Finland's general contribution in 2009:** EUR 16 million.

*A UNICEF vehicle in a schoolyard in Addis Ababa, Ethiopia.
Photo: Pirjo-Liisa Heikkilä.*

World Food Programme, WFP

- **Mission:** to be in charge of the UN's food aid in emergencies and development programmes
- **Fields of priority:** emergency aid in crises and natural disasters, especially ensuring adequate nutrition for groups in the weakest position, the focus of development programmes is on the school food programme and 'food for work' programme
- **Activities:** operates in 78 countries, with 60 field offices
- **Executive Director:** Josette Sheeran (United States), headquarters in Rome
- **Finland's general contribution to the WFP in 2009:** EUR 6 million.
- **Food aid** (Finnish rapeseed oil) amounting to EUR 1 million was given for addressing the food crisis.
- **Humanitarian aid through the WFP in 2009:** EUR 12.7 million.

More than half of the operations of the WFP are focused on food aid in connection with disasters. The operations of the WFP are based on voluntary donations. The largest donors are the United States, the EC and Japan.



World Health Organization (WHO)

- **Mission:** leading global health policy, acting as an expert organisation in health issues and as a developer of health policy in developing countries, establishing healthcare norms and standards as well as monitoring their implementation, healthcare research activities, and the application of research results
- **Fields of priority:** good health for everyone, the links between health and poverty, development and security
- **Activities:** the organisation has almost 200 member countries. The World Health Assembly (WHA) is the supreme decision-making body of the organisation, and decisions are enforced by the Secretariat, the Regional Committees and the member countries
- **Director-General:** Dr. Margaret Chan (China), headquarters in Geneva
- **Finland's general contribution in 2009:** EUR 4 million

Joint United Nations Programme on HIV/AIDS (UNAIDS)

- **Mission:** to combat HIV infections and AIDS, to alleviate the consequences of infections linked to the disease, and to support people who have contracted the virus
- **Fields of priority:** globally manages the work to combat AIDS, draws up policies and coordinates its support organisations' activities in the work against AIDS, also through the provision of technical assistance
- **Activities:** in approximately 150 countries
- **Executive Director:** Michel Sidibé (Mali), headquarters in Geneva
- **Supporting organisations:** WHO, UNDP, UNICEF, UNESCO, UNFPA, UNODC, ILO, UNHCR, WFP and the World Bank.
- **Finland's funding for 2009:** EUR 9 million

Launched in 1996, the UNAIDS programme is a broad-scale, cross-sectoral programme striving to prevent HIV infections and AIDS. The primary purpose of the programme is to lead the global work against AIDS. It works

to create general policies for countering the spread of AIDS, to coordinate the operations of its supporting organisations in the field and to provide them with technical assistance.

The Global Fund to Fight AIDS, Tuberculosis and Malaria (GFTAM)

- **Mission:** to finance the prevention of AIDS, tuberculosis and malaria. Cooperates with the WHO and UNAIDS in mutually complementary roles.
- **Fields of priority:** cooperation between the public sector, private sector and civil society in combating AIDS, tuberculosis and malaria, and in strengthening health systems in developing countries in the fight against these three diseases.
- **Activities:** since 2002, USD 19.3 billion has been spent on AIDS, tuberculosis and malaria programmes in 144 countries. HIV programmes are funded in 140 countries to the sum of USD 10.8 billion, malaria programmes in 83 countries to the sum of USD 5.3 billion, and tuberculosis programmes in 112 countries to the sum of USD 3.2 billion.
- **Executive Director:** Professor Michel Kazatchkine (France), headquarters in Geneva
- **Finland's general contribution in 2009:** EUR 3.5 million

The United Nations International Drug Control Programme UNDCP/UNODC

- **Mission:** drug control, the prevention of illegal narcotics, crime (including corruption and the drugs trade) and terrorism
- **Fields of priority:** Prevention, normative coordinating work, producing researched analytical information, and creating and strengthening established operating procedures.
- **Activities:** developing and developed countries, UN member states. Acts as the secretariat for the United Nations Commission on Narcotic Drugs.
- **Executive Director:** Antonio Maria Costa (Italy). Appointment of his successor is pending. Headquarters in Vienna.
- **Finland's general contribution in 2009:** EUR 500,000

International development financing institutions

Due to the economic crisis, international financing institutions allocated more resources to help economies in trouble. In development financing institutions, Finland particularly emphasised effectiveness and addressing the economic crisis. Finland's major cooperation partners are the World Bank Group, the regional development financing institutions in Africa, Asia and Latin America and the International Fund for Agricultural Development (IFAD). Finland contributes to policy decisions and the operations of development financing institutions by taking part in their strategic decision-making, objective setting, and work on executive boards. Bilateral partnerships with financial institutions constitute a further channel for making an impact. Each financial institution has approved policy and operational programmes based on the institution's own added value and complementarity. In addition to basic funding, Finland has an impact on the banks' operations through various funds.

In 2009, as a new initiative, Finland decided to support the World Bank Group's IFC fund focusing on the economic crisis. The economic crisis also speeded up the second stage of administrative reforms to the World Bank. In the reforms, Finland has emphasised the involvement and empowerment of the poorest developing countries.

The rapid increase in the demand for funding from development financing institutions has made the capital increases of all international development financing institutions a topical issue. In 2009, Finland decided to participate in the capital increase of the Asian Development Bank. Finland also participated in the midterm reviews of the replenishment periods of the World Bank's IDA and African Development Fund and contributed to setting the priorities of these replenishment periods.

Finland has also contributed to alleviating the debt situation in developing countries through multilateral debt relief initiatives and the Heavily Indebted Poor Countries Initiative. Finland also participated in the activities of the Leading Group on Innovative Financing for Development.

In 2009, tackling climate change was high on the agenda in all development financing institutions. The

World Bank's annual World Development Report, co-financed by Finland, dealt with climate change and development. Development financing institutions have all drawn up their own policies and established several thematic special funds. The decision was made to refocus the future operations of the Nordic Development Fund (NDF) to donated climate financing. Combating climate change within development financing institutions is also funded by the World Bank's fund for Environmentally and Socially Sustainable Development (ESSD) and the forest carbon fund, both supported by Finland. In the Inter-American Development Bank, Finland supports the Sustainable Energy and Climate Change Initiative (SECCI) Fund. Finland's financing for the Consultative Group on International Agricultural Research (CGIAR) increased as part of the support for food security and adaptation to climate change.

Results monitoring is an integral part of the operations of development financing institutions. Monitoring focuses on the development of the conditions in developing countries as well as the development and accountability of the financing institutions' own functions. The midterm reviews of the replenishment periods for development funds addressed effectiveness at both levels.

Cooperation with NGOs



Training in the Solidarity project in Uganda. Photo: Suvi Turunen.

The Ministry for Foreign Affairs engages in regular and close dialogue with NGOs on development policy issues in Finland and partner countries through the network of representatives. In this way, it has been ensured that public and NGO development cooperation are compatible and support each other. The preparations for new NGO guidelines started in 2009, and the views of NGOs were also heard. The guidelines will pay more attention to NGOs' capacity, objectives and means of strengthening the civil societies in the countries concerned. During the year under review, new guidelines for partner organisations were drawn up, and the views of NGOs were also taken into consideration.

In 2009, support from the Ministry for Foreign Affairs for NGO development cooperation totalled EUR 86.1 million, amounting to 12.8% of the disbursements of actual development cooperation. The Ministry supports

the development projects of almost 300 organisations in 88 countries, also in countries where Finland has no diplomatic mission. The majority of the organisations' development projects concern education, health, good governance, civil society, and rural development. Most of the aid is allocated to Africa and Asia. The primary target countries are Ethiopia, Tanzania, Kenya, Somalia, India, and Nepal.

The Ministry also grants operational support to the Service Centre for Development Cooperation (KEPA), which is made up of NGOs; to the Finnish NGDO Platform to the EU (KEHYS ry), and to Finland's UN organisations. Finland also participates in the joint Nordic+ project of donor countries aimed at improving the coordination and effectiveness of NGO activities. In addition, Finnish diplomatic missions in developing countries have access to funds for local cooperation.

The funds have been used to support NGO projects of developing countries, which conform to the Development Policy Programme and the Millennium Development Goals.

Government aid is allocated to support grass-roots cooperation between Finnish NGOs and local actors in developing countries. The cooperation between Finnish NGOs and those based in the developing countries strengthens civil society in developing countries. At the same time, it supports developing countries' own activities against poverty through civic participation and by providing services related to basic needs. The development cooperation carried out by NGOs raises awareness of development issues in Finland and has an impact on public opinion regarding development cooperation appropriations.

NGO development cooperation supported through tax revenues must support Finland's public development cooperation and be based on the Government's Development Policy Programme and sector-specific policy decisions. Finland's public development cooperation and the development cooperation by Finnish NGOs are complementary. NGOs can operate in fields and among

groups of people that are very difficult to reach through public development cooperation. Examples of the above include groups of people who live in remote areas and in the most vulnerable status, the disabled, indigenous peoples, orphans and people who are HIV positive.

As an authority granting government aid, the Ministry for Foreign Affairs is obliged to monitor and oversee the appropriate use of government aid granted for NGOs. Improving the quality and efficiency of project planning, implementation and follow-up is supported through training and advice given to the organisations. The officials in charge monitor the implementation of projects that have received aid through annual reporting and project inspections. The Unit for Non-Governmental Organisations of the Ministry for Foreign Affairs closely cooperates with the Service Centre for Development Cooperation (KEPA), which also receives government aid from the Ministry. Representatives of the Ministry and KEPA jointly assess applications and plans, as well as problems in project implementation. On the basis of the observations, KEPA designs training and advice for the organisations, which supports and complements the operations of the Ministry for Foreign Affairs.

AIDS work and support for disabled women

In Southern and Eastern Africa, the Helsinki Diaconess Institute is implementing a project on HIV/AIDS work as a cooperative effort between churches. This network project aims to enhance the activities of various church and religious communities and related organisations in combating HIV/AIDS.

The project disseminates information and skills by training different groups of personnel and establishing information networks. The goal is to improve the living standards of those who have contracted HIV and fallen ill with AIDS. At the same time, an African network is being built, which operates independently through self-financing.

Kynnys ry is implementing a project on improving the status of disabled women in Ethiopia. The aim is to make disabled women full members of society and to create services and a strong interest group for them. The objective is also to develop lobbying with executive and grassroots members.

The project disseminates information about women's rights by arranging workshops, preparing posters and brochures, as well as carrying out peer support activities. At the same time, the earning of income is improved by providing training on entrepreneurship and marketing, as well as arranging savings and credit activities.



*The Solidarity HIV/AIDS project in Uganda.
Photo: Suvi Turunen.*



The American International School in Gaza was also destroyed by the bombings in early 2009.

A total of EUR 73 million was used for humanitarian aid in 2009. Furthermore, the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) was allocated EUR 1 million in thematic aid and EUR 5 million for humanitarian mine operations in seven countries.

In 2009, humanitarian aid alleviated the needs caused by long-term crises and natural disasters. Aid was given to the victims of drought and conflicts in the Horn of Africa, the crisis in Darfur, as well as to Southern Sudan, the Democratic Republic of Congo, and Chad. The humanitarian situation in the Palestinian territories became more difficult. In Asia, help was especially needed in Sri Lanka and Pakistan. Particular challenges arose in relation to aid reaching its destination and the security of personnel.

Despite the global economic crisis, Finland was able to maintain its commitments to be a reliable and proactive partner to the UN agencies, the International Red Cross and Red Crescent Movement, and Finnish NGOs it supports.

The main channels for Finnish aid in the UN system were the Office of the United Nations High Commissioner for Refugees (UNHCR), the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), the United Nations Children's Fund (UNICEF), and the World Health Organization (WHO). Finland also channelled its aid through the International Red Cross and Red Crescent Movement, and various Finnish NGOs.

Efficiently from disasters to development

Promoting the continuum in the work between disaster aid, reconstruction and development aid was a topical theme. On the basis of a report drawn up by the Ministry for Foreign Affairs, an investigation is being undertaken as to how this continuum could be better taken into account in development cooperation. The continuum between crises, reconstruction and development was supported through humanitarian mine projects funded by Finland. The projects were implemented by Finnish and international NGOs, foundations and the UN. In 2009, a total of 13 projects in seven different locations were supported. To improve the effectiveness of Finnish aid, greater emphasis was placed on concentrating the projects. Disaster prevention emerged as an important theme in both EU and UN cooperation.

Finland had an active impact on humanitarian aid policy work and on strengthening the humanitarian aid system both at headquarters level and in the field. Finland's chairmanship of the Donor Support Group of the United Nations Office for the Coordination of Humanitarian Affairs (OCHA), which ended in summer 2009, proved to be a good channel of influence. A high-level meeting of the Group was arranged in Helsinki in June. Finland also contributed to the GHD working group of humanitarian aid financiers. The working group aims to promote the principles of good humanitarian aid. Finland participated in the work of the Executive Board of the WFP as an observer, and in the UNRWA's advisory group as a new member.

Administration

The increasing appropriations require sufficient HR and administrative resources. The Ministry for Foreign Affairs systematically develops its administration and personnel. The practice whereby a maximum of five per cent of the appropriations for development cooperation can be used for the administration of the Ministry's development cooperation was continued in 2009. In this way, human resources were strengthened within the limits specified in the Government's productivity programme, and the capacity of diplomatic missions was improved.

The Ministry for Foreign Affairs is developing the case management of development cooperation. The goal is to improve the quality and effectiveness of Finland's development cooperation by harmonising and enhancing administrative processes and procedures. The intention is to introduce an electronic case management system at the beginning of 2011. Electronic services concerning NGO cooperation will also be linked to the system. The system will enhance the processing and utilisation of data. Good information management and electronic services will improve customer service. In addition, the preparation of a new project administration manual has started.

Statistical monitoring methods and other information systems used in development cooperation administration, such as a financial planning system for planning the use of funds for development cooperation, were also developed within development cooperation administration. The administration of development cooperation was also made more effective by improving the dissemination of information and by training personnel.

Communication and development education

During 2009, new ways were sought to increase awareness of development issues in Finland and to explain development policy and development cooperation in a manner that meets the needs of various target groups.

The significance of social media increased rapidly in 2009. Development communications seized the opportunities offered by social media for increasing a sense of

community. In addition to a Facebook website, social media are exploited in the form of shared bookmarks and a picture community. Besides online publishing, social media were used for campaigning. Global.finland.fi reached an average of 22,000 visitors a month.

According to an opinion poll published in July 2009, 80% of Finnish citizens consider development policy and cooperation important or at least fairly important. Almost 90% believe that development appropriations should be maintained at least at the existing level. According to the poll, the public would like information, above all, on what appropriations for development cooperation are concretely used for and what the daily life of people in developing countries is like. The information most requested included information on the results of development cooperation and on developing countries' own accomplishments. A total of 82% of the respondents considered the information provided by the authorities on development cooperation and developing countries to be at least fairly reliable.

Communication with citizens aimed in particular to reach target groups who have not previously been interested in development issues. The communications campaign for 2009, "What do people need?", was directed at Finns of all age groups. The campaign challenged Finns to consider the impact of their own needs and consumption habits on the well-being and sustainable development of people elsewhere. The campaign could be seen from May to October on the campaign website, in outdoor and printed advertising and at different events. A related campaign on recycling, "What do members of parliament need?", organised at the Finnish parliament, was a new initiative.

In autumn 2009, the second opinion-leader programme on development issues was implemented for high-level decision-makers. It included seminars in Finland and a field trip to Ethiopia. At the same time, a decision was made to carry out a similar programme for journalists and people working in corporate communications in 2010 (the Development Academy). Development communications was included for the first time in the SuomiAreena forum in Pori in July. The themes of the forum included what Finns think of development cooperation and whether it should also benefit donors, such as Finland.

The European Commission and Sweden, which held the Presidency, implemented the fourth European Development Days (EDD) in Stockholm in October. The main theme of the event was citizenship and development, along with climate change, the economic crisis and democracy.

The joint global education project of the Ministry for Foreign Affairs and the Ministry of Education focused on long- and short-term continuing education for teachers and marketing good practices and material on global education to teachers.

Training for journalists in developing countries and international NGOs

The Ministry for Foreign Affairs invited journalists from developing countries to acquaint themselves with Finnish society. The one-month Foreign Correspondents' Programme course was held in August. Of NGOs in the field of international communications, the Ministry for Foreign Affairs assisted the Inter Press Service (IPS) news agency and the Panos Institute. IPS develops the

professional skills of journalists and increases the flow of information in developing countries and from developing countries to industrialised countries, supporting good governance and human rights at the same time. Panos supports media pluralism and promotes public debate, especially on environmental issues and climate change, HIV/AIDS, and on the connection between international trade and poverty reduction, and the role of communications in conflicts and peace processes.

Cultural projects and development policy

The Department for Communications and Culture of the Ministry for Foreign Affairs supported cooperation networks in the cultural sector between Finland and developing countries through development cooperation appropriations. A total of EUR 200,000 was budgeted for aid in 2009, of which a total of EUR 185,400 was implemented as disbursements. The aid was used for financing 13 projects. Cultural cooperation mainly focused on Africa, but also on South and Central America, and Asia. The supported projects covered the



The "What do people need?" development communications campaign of the Ministry for Foreign Affairs was prominently displayed at events in various Finnish locations in 2009. Photo: Pia Helin.



A preliminary report on the evaluation of Finland's agricultural sector was completed in 2009. Trading in vegetables at the Sebaco marketplace in Nicaragua. Photo: Outi Einola-Head.

fields of dance, recycling, music education, film and information technology education, puppet theatre, and the visual arts. The results deserving a particular mention include the film sector education projects, which have helped young people involved find jobs in the film industry.

Auditing and evaluation

The integration of development cooperation auditing into the auditing of the entire administration of foreign

affairs was completed at the beginning of 2009, and the operations now conform to international standards on internal auditing. Development cooperation auditing is also part of the regional auditing model of the diplomatic missions. Moreover, the auditing of separate projects and NGOs will continue by assigning the auditing task to the international accountancy firm KPMG. A framework agreement has been signed with the firm for 2009–2010 with an option for an additional two years.

Five NGOs were audited in 2009: the Helsinki Diaconess Institute, the International Solidarity Foundation, the Finnish Evangelical Lutheran Mission, the Trade

Union of Education in Finland, and the U-landshjälp från Folk till Folk i Finland fr). In addition, an extensive performance audit was commissioned on the efficiency of development cooperation administration and on the cost-effectiveness and effectiveness of the key aid instruments. Cooperation with the Development Initiative (IDI) of the International Organization of Supreme Audit Institutions (INTOSAI) continued through a three-year agreement.

Evaluation

In the organisational changes in March 2009, the evaluation and auditing of development cooperation were separated from each other. Evaluation was transferred to come under the Under-Secretary in charge of development cooperation and policy. The nine evaluations completed during the year assessed development research, the development programme for Central Asia and the Caucasus, the programme for Western Kenya, HIV/AIDS work, the development programme of DEMO Finland, the higher education North-South-South network programme, and natural disasters. A preliminary report on the evaluation of the agricultural sector was also completed. In addition, a meta-analysis was carried out on project and programme evaluations completed in 2007–2008. The meta-analysis described the quality and effectiveness of the development cooperation projects undertaken, and the quality of the evaluation reports.

In bilateral development research, the division of duties between the Ministry for Foreign Affairs and the Academy of Finland was found to be successful. The long-term results of the water, health and agricultural sector were reviewed in the development cooperation programme for Western Kenya. The best practices developed in the programmes are still in use and have been developed further. The HIV/AIDS evaluation found that most of Finland's direct support is channelled through international organisations. The evaluation recommended that Finland adjust its financing to match the

level of similar countries. A monitoring system was also recommended, which would enable the better allocation of aid. The development programme, administration and field implementation of DEMO Finland, the development cooperation organization of Finnish parliamentary parties, were evaluated. The programme aims to increase the interaction between civil society and political parties. Development proposals on improving local ownership were made with respect to the programmes for Nepal and Tanzania.

The North-South-South network programme on exchanges by university staff implemented through the Centre for International Mobility (CIMO) has been especially successful in strengthening the capacity of the staff. The evaluation that examined the interaction between natural disasters, climate change and poverty from the perspective of meteorological cooperation found that aid had been important at the level of early warning systems. It was more difficult to verify whether the benefits had reached communities. The meta-analysis of the evaluations found that the durability of aid had improved. The average quality of the evaluation reports was good.

To implement the recommendations specified in the evaluations, a decision by the Under-Secretary for development policy will also be made on each evaluation, and the evaluation results will be taken into consideration accordingly. The utilisation of development policy research and communication on evaluation results will be improved. A public presentation and discussion meeting on the results has been arranged for all completed evaluations. Printed evaluation reports are widely distributed.

Finland increasingly participates in international evaluation work in accordance with the Accra Action Plan concerning the effectiveness of aid. Finland is involved in the second stage of the evaluation assessing the implementation of the Paris Declaration. Finland is participating in UNRWA's education sector evaluation and is also involved in other international evaluation work.

The priorities of the programme's implementation in 2010 and the planning period 2011–2014

Finland's development policy and cooperation are based on the Government's Development Policy Programme. Its main objectives include the eradication of poverty and the promotion of sustainable development in line with the Millennium Development Goals set in 2000. The implementation is supported by the action plan of the Ministry for Foreign Affairs, policy decisions and Finland's active participation in the work carried out in international forums. The priorities for 2010 include addressing the economic, food and climate crises, and mitigating their impact in developing countries, as well as strengthening climate and sustainable development considerations in development cooperation. Development financing, changes in donors' development architecture, as well as advancing aid effectiveness and development policy coherence also emerged as key themes.

The new development policy initiatives and policy decisions of the Ministry for Foreign Affairs will guide future activities. The Finnish initiative on a transatlantic sustainable development partnership between the EU and the United States has been included on the cooperation agenda between the EU and the USA. Closer cooperation at the political and field level contributes to reducing poverty and promoting sustainable development. The themes that have been selected include food security, climate change, the Millennium Development Goals, and effective development cooperation. New policy guidelines, such as "Development and Security in Finland's Development Policy" and the policy on budget and sector cooperation contribute to the implementation of development policy. During 2010, the agriculture and food security policy, and the NGO policy will be updated.

Development cooperation appropriations will be increased in line with the commitments; the aim is to reach 0.7% of GNI in 2015. According to the budget

proposal, in 2010 Finland will reach the interim objective agreed on in the EU, that is, a share of GNI of at least 0.51%. The appropriations will be allocated and used effectively and as planned. To increase the impact and complementarity of aid, the objective is to have larger projects and cooperation with other donors. The centralisation of aid also helps avoid aid fragmentation and administrative expenditure. Short-term climate financing for developing countries (a total of EUR 110 million for 2010–2012) is based on multilateral cooperation.

As part of development cooperation and development policy, Finland:

- Participates in climate negotiations based on the Copenhagen Accord, with the aim of reaching a binding agreement that will take effect in 2013. Environmental and climate issues are included as part of all foreign, security, trade and development policies. Development cooperation and projects give greater consideration to climate and sustainable development factors.
- Promotes the effectiveness and complementarity of development policy and cooperation both in bilateral development cooperation and multilateral operations in the EU, the OECD/DAC, international financing institutions and the UN. Finland supports improving the capacity of the multilateral system, such as the One UN initiative, and promotes the integration and complementarity of the development agendas of different donors. Meetings arranged under the UN, such as the Development Cooperation Forum, and the high-level MDG review meeting in 2010, become important milestones in aid effectiveness work. Finland also actively operates in the Multilateral Organisations' Performance Assistance Network (MOPAN), in which Finland has the coordinating responsibility in 2010.

Future priorities of the programme's implementation

- The priorities according to the policy on influencing EU development policy within the EU include coherence and the work for effective development cooperation, as well as active participation in the transatlantic partnership on sustainable development. Finland aims to steer the EU's substantive work on effectiveness towards themes in which the EU can provide added value to further effectiveness at the country level. Finland's national priorities are to promote the use of partner countries' national systems, to improve the predictability of development financing and to develop the division of duties between donors. Coherence is also promoted in the Finnish Government through a network between the ministries, communication and training.
- Enhances the effectiveness and impact of the activities by developing development cooperation instruments and the administrative processes. New policy guidelines will be drawn up in 2010 on rural development and NGO cooperation. The implementation of other regional and policy decisions, such as the Aid for Trade Action Plan, the Framework Programme for Africa, and the Wider Europe Initiative, will continue. Under the new budget support policy, the emphasis will shift from general budget support to sector budget support.
- Promotes socially sustainable development in countries recovering from conflicts and strengthens the continuum between humanitarian aid and development cooperation.
- Promotes the cross-cutting themes of the Development Policy Programme (improving the status of girls and women, social equality, the rights of excluded groups and minorities, combating HIV/AIDS) as part of all development cooperation.
- In addition to cooperation with partner countries, support will be continued for regional cooperation and regional integration. The main focus of development cooperation is on sectors in which Finland has added value and the country's operations complement the measures of other donors. These types of sectors include the environment and forest sectors and rural development.

Appendix 1. Policies in force, action plans and codes of practice related to development policy

Political programmes and reports related to the operations of the Ministry for Foreign Affairs

- The Government Programme of Prime Minister Matti Vanhanen's second Cabinet (2007)
- Finland's Development Policy – Towards a Sustainable and Just World Community Government resolution (2007)
- Finland's Security and Defence Policy 2009 Government report (2009)
- Government report to Parliament on the human rights policy of Finland (2009)

Thematic and sector-specific policies

- Finland's Comprehensive Crisis Management Strategy (2009)
- Development and Security in Finland's Development Policy (2009)
- Development Policy Guidelines for the Forest Sector (2009)
- Finnish development policy guidelines for the environment (2009)
- The Cross-cutting Themes in Finnish Development Cooperation; Guidelines (2009)
- Finland's import policy objectives (2009)
- The International Strategy for Finland's Water Sector (2009)
- Finnish Development Policy Guidelines for the Health Sector (2007)
- Education Strategy for Finland's Development Cooperation (2006)
- Energy Strategy for Finland's Development Cooperation (2005)
- Development Policy Research Strategy (2005)
- Development Policy Guidelines for ICT and the Information Society (2005)
- HIV/Aids as a development issue – Foreign Ministry Policy (2004)
- Finland's Rural Development Policy for international development (2004, new strategy will be completed in spring 2010)
- Policy guidelines on the disabled in Finland's development cooperation (2003)
- Culture in development cooperation (2002)
- Development Cooperation: Anti-corruption strategy (2001)

Action plans

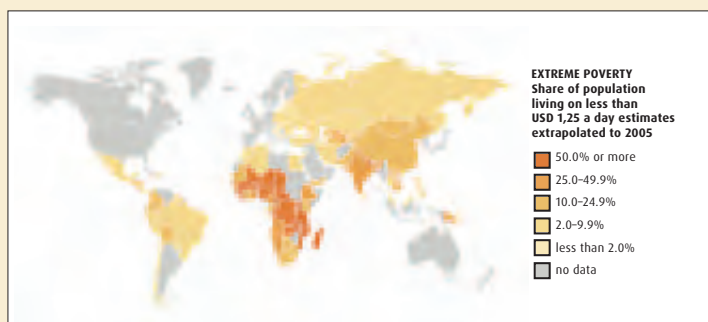
- Africa in Finnish development policy – development policy framework programme (2009)
- Regional and thematic action plan for the Andean region (2009)
- Action plan on the UN's Junior Professionals Programme and volunteering for 2010–2011 (2009)
- Wider Europe Initiative Finland's development policy framework programme Implementation plan 2009–2013 (2009)
- The Western Balkans – Finland's development policy framework programme 2009–2013 (2009)
- Regional and thematic action plan for the Mekong 2008–2012 (2008)
- Finland's Action Plan for Afghanistan (2009)
- Aid for Trade – Finland's Action Plan 2008–2011 (2008)
- Regional and thematic action plan for Central America (2008)

Other policies related to the implementation of development policy

- General Budget Support and Sector Budget Support in Finland's Programme-based Development Cooperation (2010) and Budgetary Support Cooperation in Finnish Development Cooperation (2004)
- Finland as a development policy influencer in the European Union (2009)
- Multilateral Cooperation in Finland's Development Policy (2008)
- A world of cooperation – the UN strategy in Finland's administration of foreign affairs (2008)
- Humanitarian Assistance Guidelines Good Humanitarian Donorship (2007)
- Policy on non-governmental organisations 2006 (a new policy will be completed in 2010)
- Interest-subsidy loans in Finland's development cooperation; Ministry for Foreign Affairs' policy on the use of interest-subsidy loans (2006)
- Sector support in Finland's development cooperation (2005)
- Policy on government aid to INGOs; principles and priorities (2005)
- Development cooperation plans drawn up together with long-term partner countries

Appendix 2. Progress of the United Nations Millennium Development Goals

In September 2000, the UN General Assembly adopted the Millennium Declaration, a political commitment that focuses on the inequality prevalent in the world and the profound development problems. The Declaration specified eight common Millennium Development Goals (MDGs). The attainment of the goals is monitored through follow-up indicators.



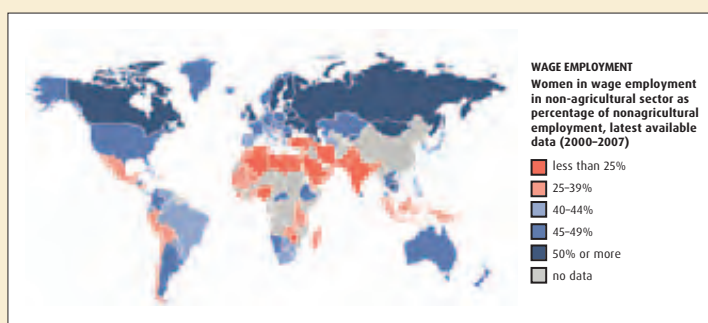
Millennium Development Goal 1: Eradicating extreme poverty and hunger

The objective is to halve the proportion of people living on less than USD 1 a day by 2015. In quantitative terms, the highest number of poor people live in Asia, and in relative terms, the number is highest in sub-Saharan Africa.



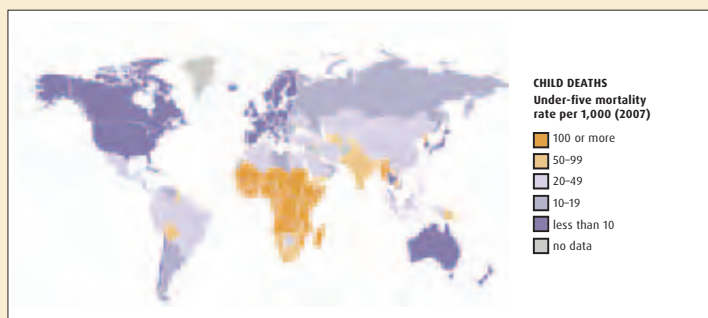
Millennium Development Goal 2: Achieving universal primary education

In many countries, over 90% of children complete primary education. The proportion is smaller in the Middle East, Africa, and Southern Asia, but it has increased during the 1990s.



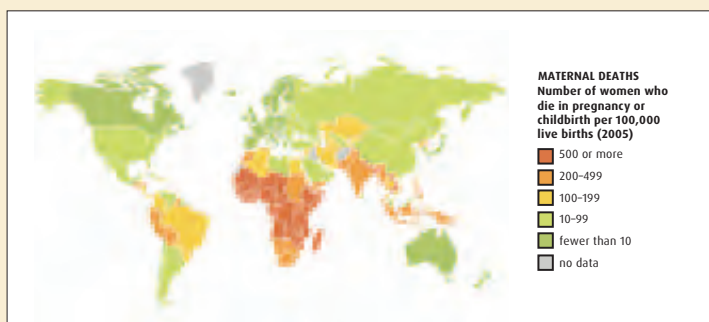
Millennium Development Goal 3: Promoting gender equality and empowering women

Inequality restricts women's employment opportunities. Women often work in uncertain conditions in poorly paid and little respected sectors, or at home without a salary.



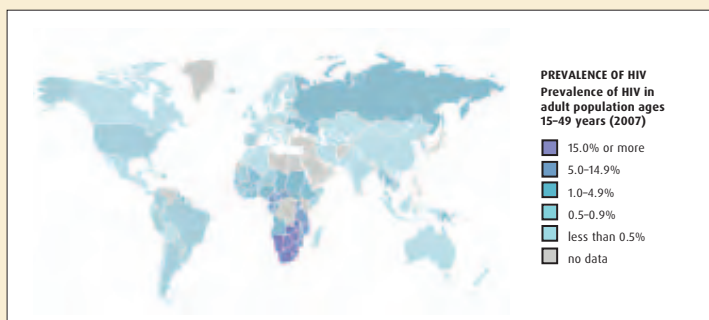
Millennium Development Goal 4: Reducing the child mortality rate

The objective is to reduce the under-five mortality rate by two-thirds by 2015. Each day, 30,000 children die from preventable causes.



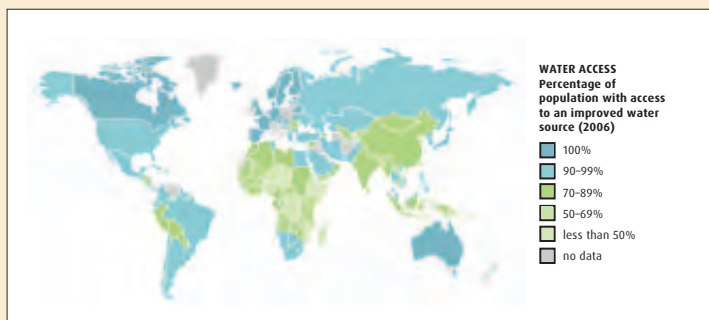
Millennium Development Goal 5: Improving the health of expectant mothers

The goal is to improve the health of expectant mothers and to reduce the maternal mortality ratio by three-fourths by 2015. A total of 99% of maternal deaths take place in developing countries, and half of these are in sub-Saharan Africa.



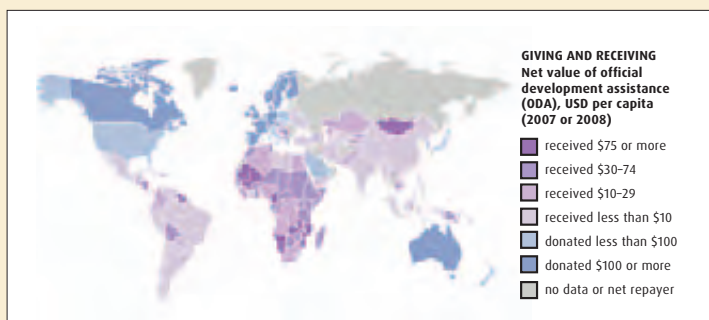
Millennium Development Goal 6: Combating HIV/AIDS, malaria, tuberculosis, and other diseases

The goal is to halt and begin to reverse the spread of HIV/AIDS, malaria and other major diseases. HIV/AIDS is globally the fourth most common cause of death, and the most common in sub-Saharan Africa.



Millennium Development Goal 7: Ensuring environmental sustainability

An increasing number of people have access to clean water and proper sanitation. Despite this, in 2006, an estimated 884 million people did not have access to safe drinking water, and 2.5 billion people did not have access to sanitation.



Millennium Development Goal 8: Global partnership

Public development aid declined throughout the 1990s. If the commitments of 2005 are realised, public development aid will total EUR 96 billion in 2010.

Maps: The World Bank (<http://devdata.worldbank.org/atlas-mdg/>)

Public development cooperation disbursements in 2000–2009; Budget allocation table of actual development cooperation disbursements, other development cooperation items, and appropriations in the budget proposal for 2010

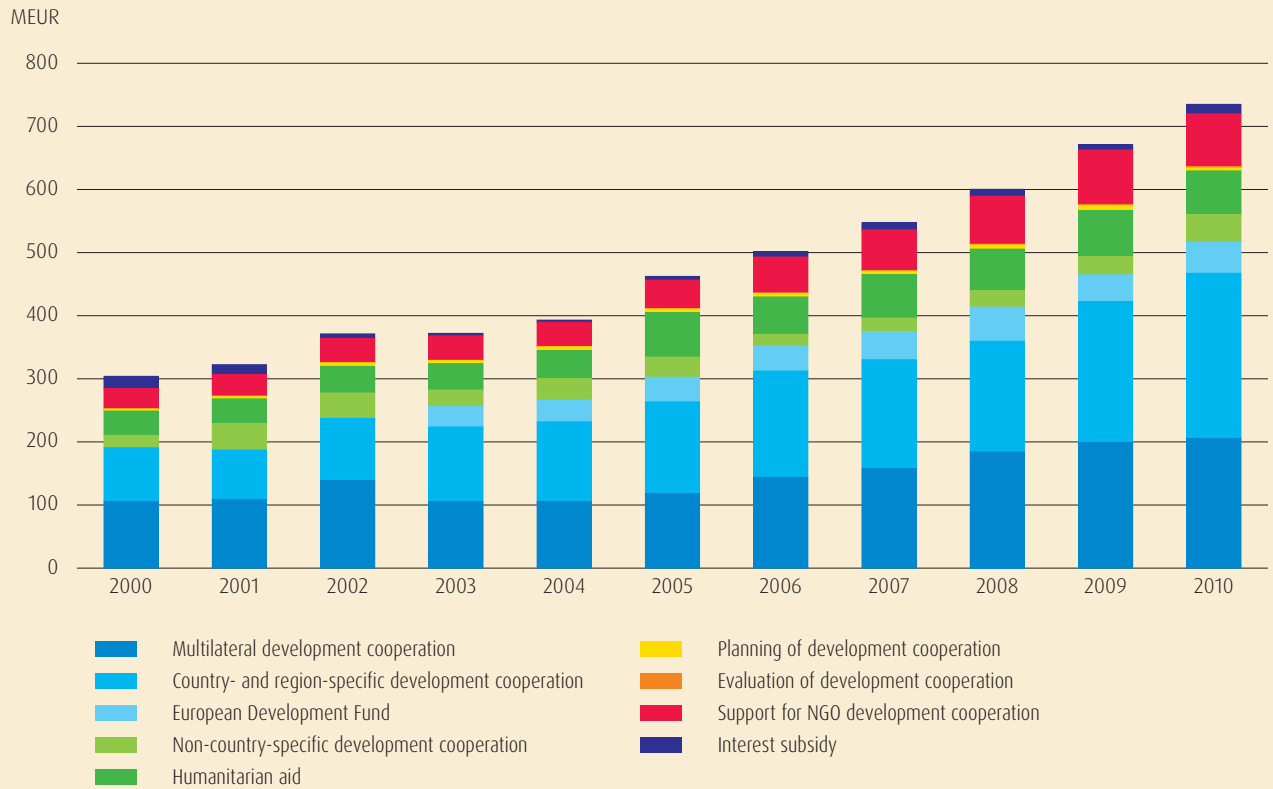
Main title/class/item/ budget allocation table item	Disbursements, EUR million										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010*
Multilateral development cooperation	105.5	108.8	138.6	105.1	105.0	117.7	143.8	157.6	184.0	198.7	205.4
Country- and region-specific development cooperation	85.3	78.2	98.7	118.6	126.7	145.7	168.4	172.7	175.5	223.7	261.8
European Development Fund**				32.6	34.6	39.1	39.6	44.5	54.0	42.4	49.6
Non-country-specific development cooperation	19.5	41.8	40.2	25.9	34.0	31.8	18.5	21.3	26.2	28.8	43.0
Humanitarian aid	38.6	39.4	42.2	42.0	44.5	70.5	59.4	69.1	65.8	73.0	69.7
Planning of development cooperation	3.1	3.7	5.6	4.8	6.0	5.7	5.7	5.3	6.7	8.0	4.7
Evaluation of development cooperation	0.3	1.1	0.6	0.5	0.5	0.7	0.5	1.0	1.1	1.8	2.0
Support for NGO development cooperation	31.8	33.6	38.2	38.6	38.4	45.1	57.1	64.5	76.2	86.1	83.7
Interest subsidy	19.8	15.8	7.1	3.9	3.3	6.0	8.6	11.1	10.8	8.7	15.0
Total	305.7***	322.6***	371.1	372.0	393.1	462.5	501.5	547.1	600.3	671.3	734.9
Other public development cooperation items											
Finnfund operations	1.4	1.6	5.3	5.7	5.2	6.7	7.5	8.6	12.1	18.9	
Share of EU's development cooperation budget	49.5	61.6	64.2	63.1	67.0	73.5	82.7	84.1	92.5	112.4	
Administrative expenses	14.9	15.7	19.6	20.5	21.1	22.7	25.1	27.1	43.8	48.7	
Expenses for accepting refugees	17.7	15.8	11.1	9.5	17.2	13.6	9.1	12.9	18.1	26.6	
Civilian crisis management expenditure				6.2	8.0	9.8	8.4	7.1	10.2	13.5	
Other expenditure qualifying as development cooperation	13.2	17.1	19.0	17.3	35.6	136.9	30.4	29.9	31.2	32.2	
Total for other public development cooperation	96.7	111.8	119.3	122.3	154.2	263.2	163.3	169.8	207.9	252.3	230.7
DEVELOPMENT COOPERATION IN TOTAL	402.4	434.4	490.4	494.3	547.2	725.7	664.8	716.9	808.2	923.6	965.6

* Appropriations in the budget proposal for 2010 by class of actual development cooperation, the statistics for other public development cooperation will be reported afterwards according to official disbursements

** European Development Fund payments before 2003 under Multilateral item (2430661)

*** Includes payments for reconstruction in Bosnia, which were entered under item 2430663

Budget allocation table of actual development cooperation disbursements for 2000–2009 and appropriations in the budget proposal for 2010



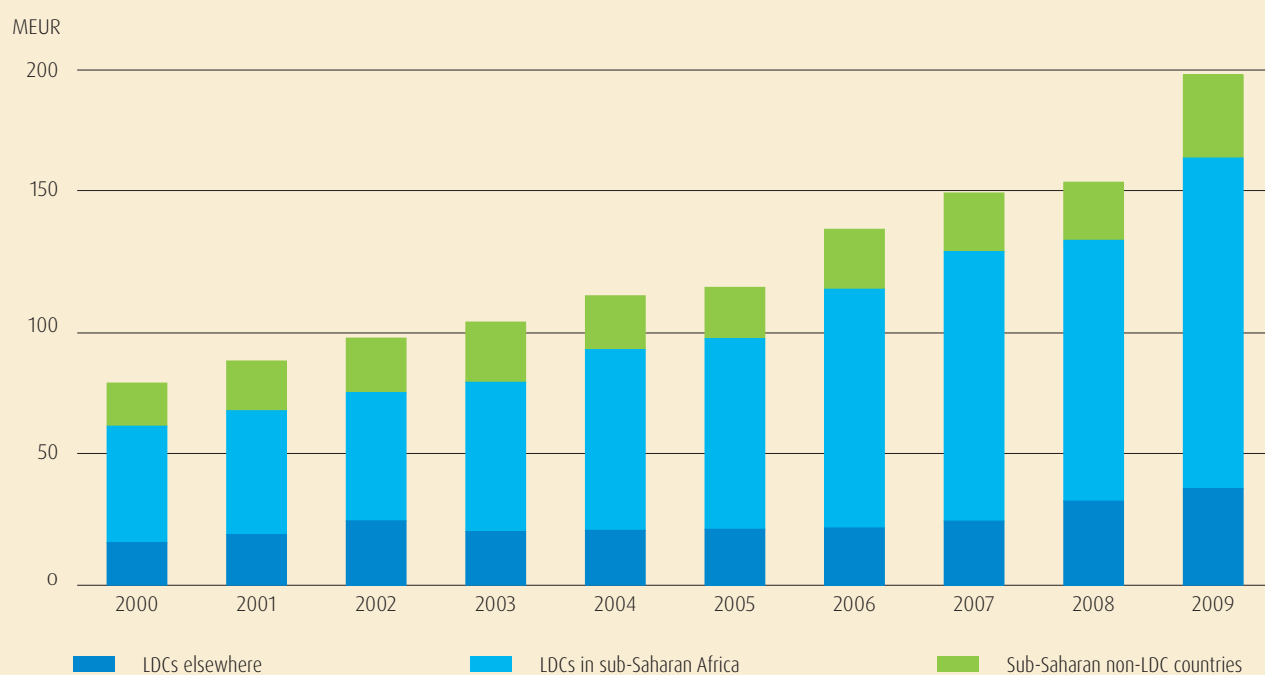
Bilateral development cooperation disbursements to the poorest countries* 2000–2009

Regional group	Disbursements ¹ , EUR million									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
LDCs in sub-Saharan Africa	44.3	47.1	48.8	56.8	68.7	72.5	90.8	102.5	99.2	125.7
LDCs elsewhere	16.2	19.3	24.5	20.4	20.9	21.3	21.8	24.4	32.0	36.8
LDCs Total	60.2	66.1	73.1	75.6	88.4	92.7	111.9	126.7	131.2	162.5
Non-LDCs in sub-Saharan Africa	16.4	18.9	20.7	22.9	20.5	19.5	22.8	22.3	22.1	31.6

* The LDC classification is based on the OECD/DAC's definition (2008)

¹ The disbursements include all the projects allocated by country/regionally of class of actual development cooperation, excluding projects of partnership organisations

Bilateral development cooperation disbursements to the poorest countries (LDC) 2000–2009



Country- and region-specific disbursements, largest partner countries in 2006–2009

Country- and region-specific disbursements, EUR million

	2006		2007		2008		2009	
1.	MOZAMBIQUE	20.59	TANZANIA	20.36	TANZANIA	24.67	TANZANIA	31.58
2.	TANZANIA	20.44	MOZAMBIQUE	19.88	MOZAMBIQUE	23.15	MOZAMBIQUE	26.59
3.	VIETNAM	13.47	VIETNAM	16.67	VIETNAM	15.58	ZAMBIA	15.72
4.	NICARAGUA	12.49	NICARAGUA	14.50	NICARAGUA	10.44	VIETNAM	14.94
5.	SOUTH AFRICA	11.03	ZAMBIA	13.49	ZAMBIA	9.84	ETHIOPIA	11.49
6.	AFGHANISTAN	7.81	AFGHANISTAN	8.24	AFGHANISTAN	9.43	NEPAL	10.16
7.	ETHIOPIA	6.53	NEPAL	6.69	NEPAL	8.62	AFGHANISTAN	10.06
8.	ZAMBIA	6.12	KENYA	6.16	SERBIA AND MONTENEGRO*	8.55	NICARAGUA	8.91
9.	SERBIA AND MONTENEGRO*	6.05	SUDAN	5.30	SOUTH AFRICA	7.51	SOUTH AFRICA	7.93
10.	PAKISTAN	5.31	SOUTH AFRICA	5.04	ETHIOPIA	5.94	PALESTINE	6.86
11.	NEPAL	4.92	SERBIA AND MONTENEGRO*	4.29	PALESTINE	4.40	KENYA	5.79
12.	KENYA	4.40	ETHIOPIA	3.97	KENYA	3.77	LAOS	4.32
13.	SUDAN	4.00	INDONESIA	3.68	NAMIBIA	3.38	SUDAN	3.35
14.	EGYPT	3.18	NAMIBIA	3.36	LAOS	1.60	CAMBODIA	3.29
15.	NAMIBIA	3.03	PAKISTAN	3.18	CAMBODIA	1.29	NAMIBIA	2.01

Finland's long-term development cooperation countries (situation in 2007)

Finland's countries in transition (situation in 2006)

* Serbia and Montenegro have changed during the period: the Kosovo region is also included up to the year 2008

Country- and region-specific disbursements by group of partner countries 2000–2009

Partner country group	Disbursements EUR million									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Long-term development cooperation partners ¹	45.84	44.84	49.18	52.78	59.54	70.91	88.96	101.72	102.03	125.18
Countries in transition ²	10.39	11.87	12.99	12.53	8.51	7.65	7.14	6.97	4.53	3.06
Countries and regions recovering from violent crises ³	..	..	..	..	..	..	..	..	21.39	21.94
Others ⁴	29.25	21.70	36.56	53.85	58.76	67.33	72.41	64.02	47.56	73.55
Total country- and region-specific	85.48	78.41	98.73	119.16	126.82	145.89	168.52	172.71	175.51	223.73

¹ The long-term partner countries (situation in 2007) are Ethiopia, Kenya, Mozambique, Zambia, Tanzania, Nepal, Nicaragua and Vietnam

² The countries in transition (situation in 2006) are Egypt, Namibia and Peru

³ The countries and regions recovering from violent crises (as of 2008) are Afghanistan, Bosnia-Herzegovina, Kosovo, Sudan and the Palestinian Territories

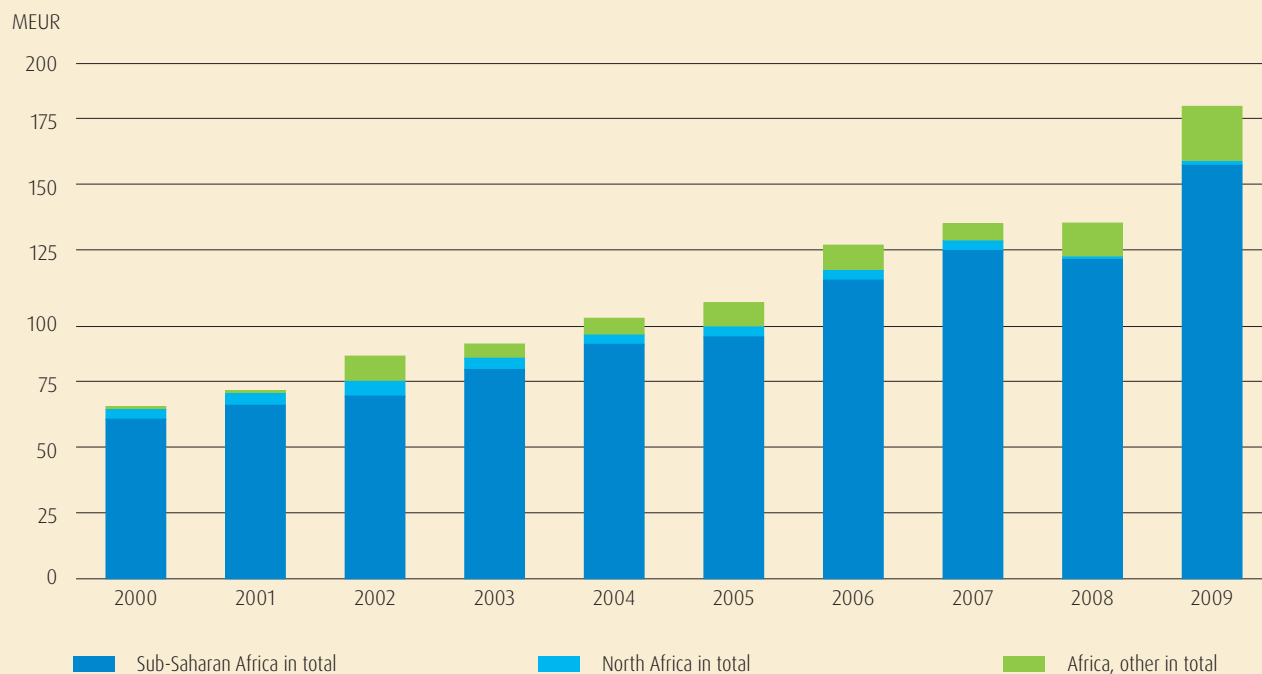
⁴ The definition of Others in the group changed in 2008 (countries and regions recovering from violent crises are a new group)

Bilateral development cooperation disbursements to Africa in 2000–2009

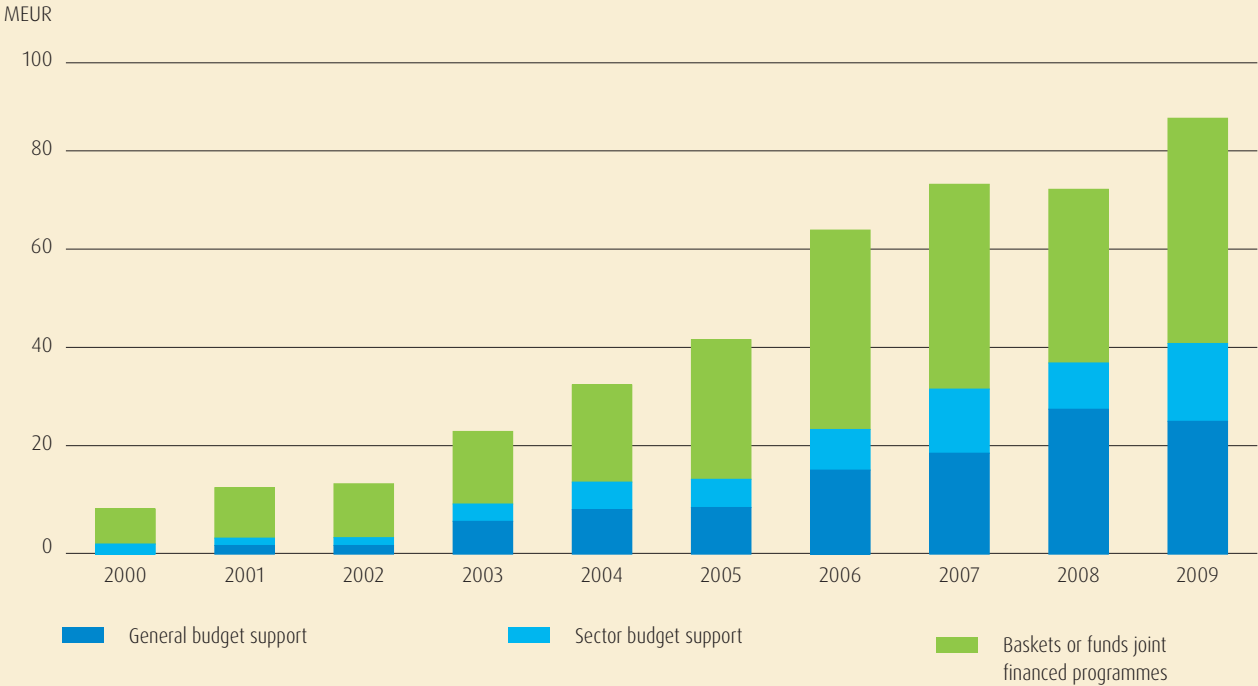
Regional group	Disbursements ¹ , EUR million									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
LDCs in sub-Saharan Africa	44.3	47.1	48.8	56.8	68.7	72.5	90.8	102.5	99.2	125.7
Non-LDCs in sub-Saharan Africa	16.4	18.9	20.7	22.9	20.5	19.5	22.8	22.3	22.1	31.6
Sub-Saharan Africa in total	60.7	66.0	69.5	79.6	89.2	92.0	113.6	124.8	121.4	157.3
North Africa in total	3.6	4.4	5.6	4.3	3.5	3.8	3.6	3.7	1.0	1.4
Africa, other in total	1.2	1.2	9.6	5.4	6.4	9.2	9.7	6.5	12.9	21.0
Africa in total	65.5	71.6	84.7	89.3	99.2	105.1	127.0	135.0	135.3	179.7

¹ The disbursements include all the projects allocated by country/regionally of class of actual development cooperation, excluding projects of partnership organisations

Bilateral development cooperation disbursements to Africa in 2000–2009



Programme-based cooperation in 2000–2009



General grants to multilateral cooperation channels, disbursements 2000–2009

		Disbursements, EUR million									
Channel		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
EU	EDF	5.33	0.00	2.96	32.56	34.63	39.10	39.60	44.46	54.00	42.43
	EC	49.50	61.60	64.22	63.08	66.97	73.50	82.70	84.13	92.51	112.43
Regional	AfDB	0.36	0.40	0.40	0.40	0.40	0.40	0.40	0.00	0.00	0.00
Financing institutions	AfDF	13.50	3.30	26.77	0.00	0.00	9.70	13.50	20.23	28.96	29.46
	ASDB	0.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	ASDF	3.36	0.00	7.06	3.53	3.53	3.45	3.45	3.45	3.45	5.25
	IDB,IIC	1.62	0.10	0.07	0.12	0.14	0.40	0.38	0.33	0.00	0.00
World Bank	IDA	14.89	29.20	22.00	26.40	25.40	30.50	26.50	35.08	24.62	43.87
	WB/IMF HIPC	0.00	5.00	11.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
GEF	GEF	0.00	0.00	2.59	5.67	6.15	5.42	5.80	6.88	7.50	7.78
NDF	NDF	4.66	4.70	9.57	9.01	8.60	5.60	10.40	5.87	18.27	6.49
UN agencies	FAO	0.95	0.97	1.00	0.82	0.83	0.82	0.82	0.92	1.00	1.11
	IFAD	0.00	0.00	1.70	1.80	1.60	1.50	1.50	2.00	2.00	2.52
	ILO	0.15	0.17	0.20	0.17	0.18	0.18	0.20	0.18	0.19	0.23
	ITU	0.17	0.18	0.19	0.15	0.15	0.15	0.15	0.00	0.00	0.15
	UNAIDS	1.35	6.70	2.94	3.00	4.00	7.00	7.00	7.50	7.50	9.00
	UNCCD	0.00	0.10	0.03	0.03	0.04	0.20	0.20	0.04	0.04	0.04
	UN Habitat	0.00	0.50	0.42	0.42	0.45	0.46	0.46	0.46	0.47	0.47
	UNDP	12.95	13.50	13.12	13.50	13.99	14.80	15.50	16.00	17.00	19.00
	UNEP	0.34	3.20	2.88	2.86	2.86	2.86	2.86	4.14	2.90	3.46
	UNESCO	0.00	0.40	0.46	0.42	0.36	0.34	0.34	0.35	0.35	0.59
	UNFPA	12.45	12.40	14.45	12.95	13.45	14.15	14.50	15.20	16.00	21.00
	UNHCR	6.90	6.90	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
	UNICEF	11.77	12.20	12.11	12.61	13.05	13.65	14.00	14.40	15.00	16.60
	UNIDO	0.00	0.50	0.50	0.48	0.53	0.52	0.56	0.57	0.42	1.81
	UNIFEM	0.50	0.50	0.51	0.51	0.51	0.58	0.60	0.60	0.78	0.90
	UNOCHA	0.00	0.00	0.60	1.00	1.00	1.00	2.00	2.00	2.50	4.00
	UNRISD	0.17	0.20	0.17	0.25	0.20	0.25	0.25	0.00	0.00	0.00
	UNRWA	1.85	2.50	3.20	2.50	2.50	2.50	2.50	3.00	3.00	4.00
	WHO	0.00	1.70	1.67	1.38	1.10	1.22	1.20	1.28	1.28	1.45
		UN membership fee	0.63	0.63	0.80	0.82	0.65	0.84	0.85	1.04	0.85	1.26
Others	Ozone Fund	0.00	0.86	0.86	1.10	1.10	1.10	1.10	0.72	0.72	0.60
	ACBF	0.67	0.67	0.67	0.67	0.67	0.67	0.00	0.00	0.00	0.00
	IOM	0.15	0.15	0.14	0.14	0.14	0.14	0.14	0.22	0.22	0.22
	EPPO		0.03	0.03	0.03	0.03	0.34	0.35	0.35	0.35	0.07
	ITTO	0.00	0.00	0.00	0.00	0.06	0.10	0.30	0.07	0.10	0.04
		Other general aid*)	22.29	14.54	11.44	10.73	6.60	0.14	12.44	6.75	3.29	11.15
Total		166.90	183.80	223.73	221.07	223.84	245.56	274.54	290.22	317.28	359.39

* Other general aid includes general aid to other organisations eligible for development aid, such as the WFP, UNVFTV, UNVFTC, WIPO, WMO, UPU, CARICOM, IDEA, IDLO, ICAC, etc.)

Finland's most important partner countries for bilateral cooperation



Finnish Development Cooperation 2009 explains the content of Finnish development policy and development cooperation, and the direction of Finland's public development aid in 2009.

The publication is intended for everyone interested in development issues and development cooperation. It provides useful information for reporters, teachers, and those working in NGOs. The publication is available free of charge from the Development Communication of the Ministry for Foreign Affairs.

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