



Finland's | 08 Development Cooperation

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Cover photo: Finland supports the Peruvian National Agricultural Research Institute through the University of Turku. The research centre in the photo is located in the city of Tarapoto.

Photo: Matti Nummelin.

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To the reader

2008 marked the first year of implementation of Finland's new Development Policy Programme. The aim of the programme is to eradicate poverty through the promotion of sustainable development. Finland follows internationally agreed principles on implementing development cooperation. They aim to ensure that the priorities of each partner country guide the activities and that each donor operates by making best use of their strengths, creating added value and by complementing the work of other donors. This will strengthen development policy and ensure the effective and successful implementation of cooperation resulting in sustainable development in developing countries.

During the past year, the new Development Policy Programme was put into effect in both bilateral and multilateral cooperation. During the year, I participated in meetings of EU development ministers and high-level international conferences on development, climate and trade issues. Through this participation, I was able to influence international development policy in line with Finland's own programme.

The special themes of the 2008 report on development policy and cooperation are Aid for Trade and forest sector cooperation, which are key in actions in eradicating poverty and which focus on concrete results. The activities in 2008 were marked by the major global crises that are affecting developing countries and which will require Finland to participate proactively, exert its influence and react to changes.

This report covers Finland's operations with respect to these themes. The promotion of development policy coherence also played a key role in the activities in 2008. One of the key priority areas in 2008 was strengthening the connection of policies on rural development, security, environmental, trade and immigration to development policy. Another focus of efforts was institutional development of development policy coherence.

The report also covers the operations of the Ministry for Foreign Affairs in promoting complementarity and effectiveness in development cooperation.

Achieving the goals of Finland's development policy will require extensive participation from actors in public administration, the private sector and civil society. In this connection, the report highlights many concrete examples. The key priorities for 2009 and the planning period for 2010–2013 are considered at the end of the report. On the basis of these, Parliament can give its view on the future activities.

Appropriations for development cooperation totalled EUR 830 million during the year under review, which is around 0.45 per cent of gross national income. Finland reconfirmed that it will comply with its commitment to achieve 0.51 per cent of gross national income, a common objective for public development aid, by the year 2010 and 0.7 per cent by the year 2015.

Paavo Väyrynen
Minister for Foreign Trade and Development



*Minister of the Environment Paula Lehtomäki spoke at the environmental meeting in Poznan in December.
Photo: Matti Nummelin*

Momentum in the implementation of the Development Policy Programme

The implementation of the new Development Policy Programme began in 2008. The programme focuses on ecologically, economically and socially sustainable development. Environmental and climate issues, crisis prevention and supporting peace processes have become more important areas of cooperation.

Finland increased its funding for promoting sustainable development, especially in the eight long-term partner countries, in which support was channelled into the forest, water and environmental sectors, climate cooperation, as well as developing the information society and the capacity to trade. The cross-cutting themes of development policy – the rights and status of women and girls, groups that are easily excluded and combating HIV/AIDS – were systematically included in all activities.

Ecologically sustainable development is now seen more clearly as the basis for development. The objective of development policy and cooperation is to simultaneously solve development and environmental challenges.

Finland was an active player in international development policy in 2008. Some of the most significant new initiatives at the end of 2008 included Finland's Wider Europe Initiative, which aims to promote stability in East-Central Europe, the South Caucasus and in Central Asia through three regional cooperation programmes.

Productive activities, enhancing the connections between trade and development, and support for private sector operations were highlighted as a means to promote economically sustainable development. The UN Millennium Development Goals and socially sustainable development were promoted through the use of different complementary modalities and means of cooperation.

The policy on multilateral cooperation, which was completed in 2008, guides cooperation undertaken with the UN system and international financing institutions. In addition, a policy on influencing EU development policy and sector-specific policies on environmental, forest and water cooperation were prepared.

The implementation of the Development Policy Programme was also seen in cooperation with NGOs and humanitarian assistance, which are important elements of Finland's development cooperation. In 2008, projects

in over 80 partner countries were supported through the cooperation with NGOs. Humanitarian aid helped alleviate the plight of people suffering from long-term crises and natural disasters.

A year of international conferences

During 2008, Finland participated in several high-level international conferences, including the United Nations Conference on Trade and Development, UNCTAD, the Ministerial Review and first Development Cooperation Forum of the United Nations Economic and Social Council, ECOSOC, and the High Level Forum on Aid Effectiveness in Accra. In addition, Finland was also involved in the summit on the UN Millennium Development Goals in New York, the UN Sustainable Development Committee, the EU-Africa Summit, the conference on financing for development in Doha, as well as the United Nations Climate Change Conference in Poznan.

Paavo Väyrynen, Minister for Foreign Trade and Development, presented the national report on Finland's development policy and sustainable development at the ECOSOC Annual Ministerial Review.

The declaration of the Doha Follow-up Conference was unanimously adopted in spite of the difficult economic situation, which it is hoped will strengthen the Monterrey Consensus on international financing for development.

In these international conferences and bilateral meetings, Finland laid emphasis on a holistic approach to

reducing poverty and promoting sustainable development. Ecological sustainability, coherence between various actors and operations, as well as effectiveness, the importance of rural areas and the private sector as promoters of economic development were among the themes Finland considered important.

Mutual cooperation between the countries of the South has become an important complement to international development cooperation. Finland considers dialogue between donors in the South and the North to be important and underscores the harmonisation and implementation of programmes so that all the dimensions of sustainable development are realised.

Global crises became critical

The high prices of food and fuels in 2008 together with the global economic crisis became challenges on a similar scale to climate change. The financial crisis is expected to reduce the prices of raw materials and export revenues in developing countries. The reduction in remittances sent home by migrants is also contributing to the drying up of financing. The bad economic situation threatens to reduce both private investment in developing countries and financing for development.

Responding to the challenges of climate change and the food crisis together with estimating the impacts of the financial crisis and economic recession were an important element of development policy in 2008. In order to

Wider Europe Initiative

In October 2008, Paavo Väyrynen, Minister for Foreign Trade and Development, proposed a new development policy framework programme, the Wider Europe Initiative. The move, which will strengthen Finnish development policy, is a comprehensive approach to Finland's development cooperation in the EU's Eastern Neighbourhood, the South Caucasus and Central Asia. The initiative is based on the Government Programme, which emphasises crisis prevention, support for peace processes and environmental cooperation.

The aim of the programme is to promote stability and prosperity in the initiative's partner countries and elsewhere in Europe. The framework agreement comprises three regional cooperation programmes that will be launched progressively from 2009. The programmes will be

implemented in Eastern Europe (Moldova, Ukraine, Belarus), the South Caucasus (Armenia, Azerbaijan, Georgia) and Central Asia (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan). A total of EUR 8.5 million has been reserved for the operations for 2009, and the aim is for this amount to be doubled by the year 2013.

The framework programme will be implemented according to the circumstances, needs and objectives of each area. The sectors of cooperation are security, trade and development, information society development, energy and the environment, and social sustainability. The programme will be implemented through bilateral and multilateral cooperation, inter-institutional cooperation, NGOs and business partnerships.

prevent the situation in developing countries becoming even more serious, Finland confirmed that it will adhere to the EU's common objective to raise public financing for development to 0.51 per cent of gross national income by 2010 and 0.7 per cent by the year 2015.

Finland participated in international cooperation to develop rapid, short-term and long-term measures to improve agricultural productivity and to boost the market. Finland increased its assistance to multilateral organisations to respond to the food crisis and continued to support the development of agricultural production through bilateral cooperation and cooperation with NGOs.

Coherent decision-making

Coherence is highlighted in the Development Policy Programme. The problems of developing countries cannot be solved through development cooperation alone, since political decisions taken by industrial countries within various sectors impact on developing countries.

In addition to development cooperation, there needs to be measures in other policy areas. Finland implemented coherent development policies by enhancing the connections between development and the environment, security, migration, and trade and development.

An interdepartmental network including not only the Ministry for Foreign Affairs but also the other ministries whose work concerns developing countries was established during 2008. Finland places greater emphasis on the links between political objectives, security policy objectives and development objectives. The role played by women in peace processes is receiving particular attention. Finland drew up its National Action Plan to implement UN Resolution 1325 on Women, Peace and Security.

Development policy of the European Union

Finland advanced its development policy objectives through its cooperation with the EU and worked in close cooperation with other like-minded donors. The visit to

Financial crisis affecting developing countries

The turmoil in the financial markets that started in 2007 continued and worsened in 2008. The crisis, which started in the US, quickly spread to the international financial markets and then to the real economy. The economic crisis is affecting developing countries in many ways: financing is becoming more expensive and less available, investments are declining, cash flows sent by migrants are dwindling and the prices of raw materials and demand are decreasing.

At the same time, the downturn in the international economy threatens to reduce the amount of funds for development financing. This will increase the pressures on developing countries facing crises and weaken their capacity to adapt to the impacts of the economic crisis.

The EU is committed to holding to its development financing objectives set for 2010 and 2015, according to which Member States will raise their development assistance to 0.51 per cent of gross national income by the year 2010 and 0.7 per cent by 2015. Finland gave strong support to this commitment. International financing institutions were able to grant rapid crisis funding to member countries in need of assistance. Finland also supported these endeavours.

The reasons and consequences of the financial crisis were considered during 2008 at various international forums, such as the summit of the leaders of the G-20 in



Photo: Nepal/Milma Kettunen

November and the Doha conference on financing for development in December. The G-20 countries set up four working groups to discuss reforms to the international financial system. Finland took part in discussions on the global financial system and development financing within the EU, the Doha conference and, for example, the annual general meetings of international development financing institutions as well as in other conferences.

Finland at the end of 2008 by Louis Michel, European Commissioner for Development and Humanitarian Aid, provided a further opportunity for this work.

Objectives relating to the coherence of EU development policy and the effectiveness of development assistance are important to Finland. Finland played a role in ensuring that the European Council confirmed in June 2008 the international conventions on the amount of development cooperation that had previously been adopted. Other important issues relating to EU development policy included the Millennium Development Goals, developing local governance, regional integration of African, Caribbean and Pacific (ACP) countries, Economic Partnership Agreements between the EU and ACP countries, and the preparations for the review of the Cotonou Agreement.

Preparations for the second review of the Cotonou Agreement, which forms the basis of the relationship between the EU and the ACP countries, got underway in 2008. The aim is to improve the application and implementation of the Agreement and to bring its provisions up to date. Negotiations on reviewing the Agreement will start with ACP countries in May 2009.

Effectiveness of aid in the spotlight

The Development Assistance Committee (DAC) of the OECD primarily considered the effectiveness of development cooperation, development policy coherence, climate change, the promotion of equality, increasing development financing and questions relating to fragile states and the evaluation of the effectiveness and impact of development cooperation.

Finland was able to play a pivotal role within the EU, the DAC and multilateral organisations in line with the priorities of the Development Policy Programme by engaging in close cooperation with other like-minded countries and stakeholders. Cooperation was undertaken, for example, within EU coordination, voting groups of international financing institutions and the Nordic+ countries. The objectives of Finland's development policy were also furthered at the various levels of EU cooperation.

The EU alleviates the problems of the food crisis in developing countries

In 2008, the European Parliament and the Council of the European Union adopted a regulation on assisting developing countries cope with the crisis brought about by the rise in the price of food and fluctuation in prices. The aim is also to improve the food security of developing countries.

A so-called food fund was set up as part of the EU's budget for the years 2008-2010. During this period, measures for supporting and stimulating agricultural production in developing countries can be financed throughout the world from the EU's budget to a total of one billion euro. Finland strongly supported the setting up of the food fund.

Finland is involved in the negotiations on the regulation that has been drawn up on a proposal of the European Council. The aim is to cover the international funding deficit for developing agriculture, food security and rural development in developing countries.

The aim of the financing is to complement existing financial instruments of the EU's development policy. Decisions on the programmes will be taken in spring 2009 on the basis of proposals from the Commission. The Commission will set out the allocation of funds to international organisations, NGOs and other actors and to regional organisations.



Photo: Ghana/Outi Einola-Head

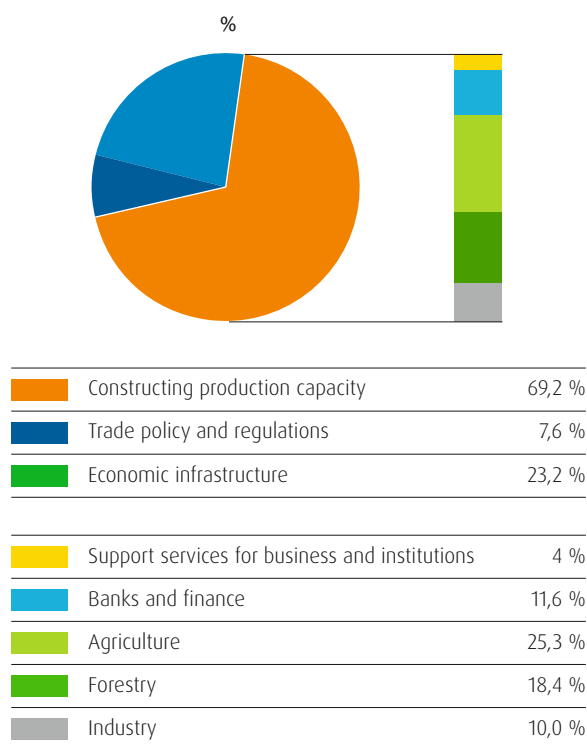
AID FOR TRADE

Trade and development are complementary sectors within Finnish development policy. The policy objectives for *Finland's import policy* were completed in 2008, with the aim being to facilitate access to the market of products from developing countries. International trade negotiations also focus on Aid for Trade and coherence in trade and development policy. This was the case in connection with the Doha trade round of the World Trade Organization (WTO) and the Economic Partnership Agreement negotiations (EPAs) between the EU and the African, Caribbean and Pacific (ACP) countries.

The aim of Aid for Trade (AfT) is to support the production capacity of developing countries and their capacity to trade. Aid for Trade involves supporting trade policy, facilitating trade, strengthening the operating environment for 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 participation in the work of the EU, OECD, WTO and the UN. One of the key issues in 2008 was the development of international monitoring systems. By reliably and openly monitoring the amount and quality of aid, it is possible to increase the effectiveness and impact of aid.

Finland's Aid for Trade by sector in 2007
(Disbursements totalling around USD 50 million)



Many developing countries, for example Zambia, have difficulty getting their products to the market. Photo: Jari Kivelä



Finland pays particular attention to improving the status of women in Aid for Trade. Photo: Syria/Matti Remes.

The EU, based on a Finnish initiative, drew up an Aid for Trade Strategy, which was adopted in October 2007.

On the basis of the strategy, Finland prepared its own plan 'Aid for Trade – Finland's Action Plan (2008–2011)', which was published in September 2008. The plan was presented publicly at the trade and development seminar in Lusaka in December 2008, which increased awareness among the participants, especially Finland's missions abroad, of trade and development issues and the opportunities to promote AfT initiatives, projects and programmes through development cooperation.

Focusing on the status of women

Finland's Aid for Trade is directed especially towards agriculture and forestry and the production of sustainable energy. Other important areas are improving the capacity of the private sector and exploiting the opportunities offered by the information society. Finland operates in sectors in which it can clearly offer added value to global sustainable development in an ecological way.

Aid for Trade focuses particular attention on improving the status of women as well as other cross-cutting development policy 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. The main target countries are Finland's eight long-term development cooperation partners and four transition stage countries in Africa, Asia and Latin America.

Finland coordinates donor cooperation in the sector programme for developing Zambia's private sector. Other projects in the sector include projects and programmes to improve entrepreneurship and the business environment in South Africa, Nicaragua, the Mekong region and Mozambique. The Central American Energy and Environment Partnership programme has resulted in the development of a successful form of cooperation. Innovation partnership programmes enhance the foundations for a knowledge-based society in partner countries. New programme plans were drawn up in 2008 to develop innovation systems in Vietnam and Mozambique.



Aid for Trade exploits the opportunities offered by the information society. A photo of a Vietnamese Internet café/Matti Remes.

Multilateral organisations

Multilateral organisations are an important channel for Finnish Aid for Trade. Partner organisations include the United Nations Conference on Trade and Development (UNCTAD), the International Trade Centre (ITC), the WTO's technical assistance programme (WTO-DDAGTF) and the EIF programme (Enhanced Integrated Framework) of six international organisations, which promotes the integration of the least developed countries into international trade. Finland supported these organisations in 2008 with a total of EUR 4 million; the aim is to increase aid for trade and development channelled through multilateral organisations to EUR 10 million per year.

Finland also provided support for the International Centre for Trade and Sustainable Development (ICTSD); the Standards and Trade Development Facility (STDF); the UN's Global Compact Office, which promotes corporate social responsibility; the work of the Economic Commission for Africa (UNECA) in the information society sector; and the International Development Law

Organization (IDLO). Finland's membership in the Agency for International Trade Information and Cooperation (AITIC) expired in 2008.

Some of Finland's support for the World Bank and the regional development banks is Aid for Trade. Finland has supported the World Bank's Knowledge for Change programme, which promotes research on economic development and trade in developing countries. The InfoDEV programme, which supports the development of the information society in developing countries, enhances business activities through business incubators and technology-assisted learning. In 2008, Finland became a new donor of the World Bank's Multi-donor Trust Fund for Trade and Development (MDTF-TD). The aim of the fund is to further the integration of developing countries into the international economy, to make the international trading system more supportive of growth in developing countries, to support economic growth in developing countries and to reduce poverty, as well as to produce information on trade and development issues.

Finland's Aid for Trade also emphasises strengthening regional, south-south trade connections.

Private sector is the driver of development

The aim of Finland's Development Policy Programme and Aid for Trade Action Plan is to reduce poverty as part of sustainable development. The private sector is vitally important in terms of economic development. The Ministry for Foreign Affairs applies and develops development policy tools using a holistic approach to develop the private sector. In addition to the work carried out through cooperation in the form of projects and programmes as well as through multilateral organisations, the instruments for developing the private sector include the development finance company Finnfund, the Finnpartnership business partnership programme and concessional credits.

The Finnish development finance company Finnfund offers long-term risk financing for commercially profitable projects in developing countries and Russia. Finnfund finances private projects that have a Finnish interest.

The business partnership programme, Finnpartnership, administered by the development finance company Finnfund, offers consultancy services to Finnish companies on doing business in developing countries and financial support for planning and implementing projects. The exploitation of Finnish environmental technology

EPA agreements

The Economic Partnership Agreements between the EU and African, Caribbean and Pacific (ACP) countries aim at promoting the development, regional integration and gradual integration into the world economy of ACP countries by freeing up interregional trade.

During 2008, the ACP regions prepared interim Economic Partnership Agreements with the EU. A comprehensive EPA agreement was concluded with the Caribbean region in October 2008. In addition to trade in goods, it includes services and investments, and public procurement and open invitations to tender.

in developing countries has been supported through the business partnership programme, for instance.

The programme's key elements are the development of commercially profitable operations between actors in Finland and partner countries, a Finnish interest and achieving development impacts. Concessional credits are used to support the export of Finnish technology to developing countries, which will have significant beneficial development impacts in terms of the development of the partner country.



The production facility of the Finnish company Vacon in Suzhou, China Photo: Matti Remes.

Ecologically sustainable development is the foundation of all development in the Development Policy Programme. Development policy and cooperation are based on simultaneously resolving development and environmental challenges. The international climate debate has demonstrated that global development problems cannot be solved in a sustainable way without considering environmental problems at the same time. Developing countries must be involved in finding solutions to environmental problems because they are the ones suffering the most from the consequences of a bad environment.

The sustainable use of natural resources and combating global environmental threats are an important part of Finland's development policy and cooperation. International climate policy was the focus of 2008. The most important task was to continue developing the international climate regime, the aim of which is to reach a consensus in 2009. Finland has been deeply involved in the international negotiations and has financed the organisation of conferences under the Framework Convention on Climate Change.

The Ministry for Foreign Affairs participated in the work of the Global Environment Facility's (GEF) Council as a permanent member in 2005–2008. In addition, Finland supported two special climate funds administered by the GEF (the Least Developed Countries Fund, LDCF and the Special Climate Change Fund, SCCF) as well as taking part in the work of their Council. The funds support in particular the adaptation by the least developed countries to climate change.

Climate change was the subject of several bilateral discussions and international negotiations, such as in the summit on sustainable development held in India in February 2008, in which Finland was represented by Prime Minister Matti Vanhanen and Minister of the Environment Kimmo Tiilikainen. In September, President of the Republic Tarja Halonen, acted as Co-Chair of the round table on the environment at the high-level meeting on the MDGs held in connection with the UN General Assembly.

In December, Finland participated in the 14th Conference of the Parties to the United Nations Framework Convention on Climate Change and the 4th Conference of the Parties to the Kyoto Protocol in Poznań, led by Minister of the Environment Paula Lehtomäki. Decisions were reached at the UN conference on climate change on the basis of which it will be possible to progress in line with

the Bali Action Plan towards the conference on climate change in Copenhagen in December 2009. Agreement was reached on the agendas and timetables of the negotiation group discussing the continuation of both the Kyoto Protocol and the UNFCCC while the smooth progress of the negotiations was also ensured for 2009. An unofficial meeting of development ministers, in which Finland was represented by the Minister for Foreign Trade and Development Paavo Väyrynen, was held in Poznań in conjunction with the UN's Climate Sessions.

The UN coordinates international activities on the environment. Finland has promoted enhancing international environmental governance as part of the reforms to the UN. The aim is to establish the United Nations Environmental Organization on the basis of the current United Nations Environment Programme, UNEP. Finland has also participated in the work of the United Nations Human Settlement Programme (UN-HABITAT). The programme deals with issues relating to sustainable urbanisation in developing countries.

The sustainable use of biodiversity reduces poverty in developing countries. Finland has supported, through its policies and financing, international conventions aimed at the protection and sustainable use of biodiversity. The most important of these is the UN's Convention on Biological Diversity (UNCBD), through which international actions concerning the protection and sustainable use of biodiversity have been supported, in accordance with Finland's strategy and action plan, which were approved for 2006–2016 by the Government.

Finland emphasises energy efficiency and saving

Energy choices play a key role in combating climate change. In its cooperation, Finland has stressed the importance of energy efficiency and saving, as well as the use of renewable sources of energy. With the fluctuations in the price of energy, energy security and the availability of energy services have become more topical in developing countries.

International environmental treaties and support for their implementation in developing countries are part of 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 chem-



The sustainable use of natural resources is an important part of Finland's development cooperation. Photo: Peru/Matti Nummelin



Jatropha plants are cultivated in Ecuador to manufacture biofuel. Photo: Matti Nummelin

icals and waste. In addition, Finland has supported the implementation of the principles of the United Nations Forum on Forests.

Support for implementing international environmental treaties is an example of the fact that environmental and development objectives can be supported at the same time and that they do not necessarily need to compete with each other. If natural resources have been used in a sustainable way, they have helped enable economic growth and social well-being as well.

Finland's international strategy for the water sector was approved in December. The aim of the strategy is to increase international cooperation and effectiveness among Finnish actors in the water sector. The strategy defines the objectives and means for increasing international cooperation and partnerships. The aim is that Finnish actors in the water sector can better meet the needs of partner countries and global challenges.

THE INCREASING IMPORTANCE OF THE FOREST SECTOR

Forestry cooperation has become an increasingly important part of Finland's bilateral development cooperation. Sustainable forestry demands a good understanding of the social, economic, environmental and cultural importance of forests and of the roles played by the state, communities and the private sector.

It is difficult for most developing countries to solve questions relating to the ownership of land and rights to its use. Other challenging issues include the good management of the forest sector and natural resources, the relationships between production sectors that compete for land and scarce resources, and the environmental services offered by forests.

The priorities of the new Development Policy Programme were evident in 2008 in the increased cooperation on forestry in Nepal, Mozambique and Laos. Bilateral forestry cooperation has continued in Tanzania, Kenya, Zambia and Vietnam. Finland also supports training on the forest sector in the West Balkans. In regional activities, planning for the Central American forestry project was completed. In addition, the planning of forestry projects in eastern and southern Africa, the Andes and the Mekong region was initiated.

The importance of forests in developing countries was highlighted in international climate discussions in 2008. A major new investment in Finland's multilateral cooperation was channelled into the programme

of the Food and Agriculture Organization of the United Nations (FAO) on Sustainable Forest Management in a Changing Climate. Finland has also funded the national forestry programme service of the FAO and the Forest Carbon Partnership Facility of the World Bank. Finland continued its support for the Centre for International Forestry Research (CIFOR) and the World Agroforestry Centre (ICRAF) and for the secretariat of the United Nations Forum on Forests (UNFF). Finland also supported the EU's initiative to combat illegal logging and related trade.

The coherence of bilateral and multilateral cooperation was strengthened during 2008. The experiences gained in partner countries were used in the pilot stage of the UN-REDD Programme to combat deforestation and forest degradation after the Bali climate conference. Finnish expertise on evaluating and monitoring forest resources, which has been acquired from forests in Finland and in developing countries, was much in demand.

The importance of forests in combating climate change and in adapting to it was clearly evident in bilateral cooperation. The environmental services offered by forests were emphasised alongside wood and other non-wood forest products. Finland's partner countries are interested in national and international markets for advanced environmental services, and Finland's forestry cooperation aims to respond to this need.



*The importance of forests in developing countries was stressed in international climate discussions during 2008.
Photo: Matti Nummelin.*

IMPLEMENTATION OF DEVELOPMENT COOPERATION

Appropriations and forms of cooperation

The appropriations for development cooperation in 2008 amounted to EUR 830 million, which corresponds to 0.45 per cent of gross national income. The disbursements paid totalled EUR 790 million (preliminary information). Appropriations for actual development cooperation increased by EUR 85 million to EUR 668 million.

Finland reconfirmed in the European Council in June that it will comply with its previous commitment to reach 0.51 per cent of gross national income, which is a common objective for public development aid, by the year 2010 and 0.7 per cent by the year 2015. The commitments are also contained in the Development Policy Programme.

Finland channels its development cooperation bilaterally, regionally, multilaterally and through NGOs and the EU. Operating as part of the international donor community and through multilateral organisations and the EU extends Finland's support around the world.

The country- and region-specific cooperation plans drawn up in 2008 demonstrate Finland's strong commitment to the themes in the Development Policy Programme. The principles of coherence, complementarity and effectiveness, which guide development policy, are a part of the operations. Cooperation is based on the partner countries' own development plans and dialogue engaged in with the countries.

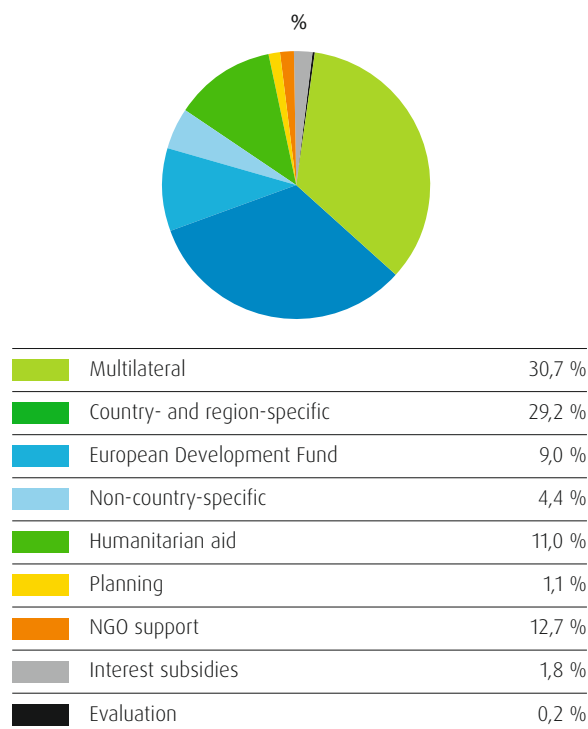
Cooperation with the United Nations

The UN is the most important channel for Finland's multilateral cooperation. Finland is committed to attaining the UN's Millennium Development Goals (MDG) and has continued the work to enhance the UN's authority, effectiveness and efficiency.

In 2008, the Ministry for Foreign Affairs drew up a new policy on multilateral cooperation, which guides the implementation of the Development Policy Programme and furthers the complementarity of multilateral and bilateral activities.

The humanitarian work of the UN and its operations in the development and environmental sectors will be

Disbursements for actual development cooperation in 2008
(total EUR 600.3 million)



made more effective both within its headquarters and at the country level. The One United Nations pilot programme was initiated in eight countries with the aim of bringing the various UN agencies and actors in the target country under one umbrella. Finland has supported the programme financially.

Another major reform is the harmonisation of the UN's equality work. Finland has traditionally stressed equality issues and supports the reforms together with the other Nordic countries.

The UN's economic and social sector

The UN's development agencies are the main cooperation partners for Finnish development policy. The work carried out by UN agencies and Finland's bilateral development cooperation are complementary. Finland supports the work of the United Nations Development



Three of the eight UN Millennium Development Goals relate to health. Finland supports access to health services in Nicaragua. A photo of the incubator ward in Juigalpa hospital. Photo: Outi Einola-Head

Programme (UNDP), the United Nations Population Fund (UNFPA), and the UN Children's Fund (UNICEF) in areas that are important to Finland's development policy. In addition, Finland has served as a member of the agencies' executive boards and played a role in directing their activities.

Health occupies a key role in the UN's MDGs since three of the eight main goals are directly related to health. Finland has contributed to the most important UN health agencies and programmes, such as the World Health Organization, the UN Programme on HIV/AIDS (UNAIDS) and the UN Population Fund (UNFPA).

Finland supports the development of health systems and the strengthening of good governance, which includes primary and preventive health care, health edu-

cation, health care for mothers and children and the prevention of HIV and AIDS. Finland's objectives were advanced at a high political level in 2008 with the visit to Finland of both the Director-General of the WHO and the Executive Director of the UN Programme on HIV/AIDS.

Cooperation with the Food and Agriculture Organization of the UN (FAO) focused on the global food crisis and work to reform the organisation. In June, Finland participated at the ministerial level in the FAO's High-Level Conference on World Food Security, during which agreement was reached on international actions to solve the global food crisis. Progress was made on the reform of the FAO. Finland acted as Chair of the Special Session of the FAO Conference, during which the action plan to implement the reforms was adopted.

United Nations Development Programme, UNDP

- Promotes sustainable human development.
- Focuses on achieving the MDGs and reducing poverty, democracy, good governance and human rights, the sustainable use of the environment and energy, conflict prevention and their aftermath, as well as work to prevent HIV and AIDS.
- UNDP also supports the economic development of developing countries and their participation in the world economy. It develops cooperation whereby economic, employment and social policy act in concert to eradicate poverty and exclusion. Its objective is for the goals relating to poverty reduction and economically sustainable development to be given greater consideration in trade negotiations with developing countries.
- Coordinates the UN's development cooperation in the field.
- Operates in 166 countries, with 135 field offices.
- Finland's general contribution in 2008 was EUR 17 million.

United Nations Population Fund, UNFPA

- Supports the governments of member nations in the domains of population policy and reproductive health.
- Focuses on reproductive health, work against HIV/AIDS, population and development, gender equality and the status of women.
- Operates in over 150 countries, with 112 field offices.
- Finland stresses the sexual and reproductive health and rights of women and girls, and the dissemination of information, especially to the young. In practice, support is provided for access to contraceptive methods, education and operational programmes to end female genital mutilation and to prevent the spread of HIV and AIDS. Finland also supports cooperation with UNFPA, the WHO and UNICEF in these issues.
- Finland's general contribution in 2008 was EUR 16 million.

United Nations Children's Fund, UNICEF

- Promotes children's rights and the fulfilment of their basic needs. Operations are based on the Convention on the Rights of the Child.



Women in West Nepal. Photo: Milma Kettunen

- Focuses on 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. Its operations focus on preventive work.
- Operates in 156 developing countries and 36 industrial countries, and has 36 national committees, including UNICEF Finland.
- Finland's general contribution in 2008 was EUR 15 million.

World Food Programme, WFP

- Responsible for the UN's food aid in emergencies and supports economic and social development through its programmes.
- Focuses on emergency aid in crises and natural disasters, especially safeguarding access to food for people in the weakest position. Development programmes focus on school meals, HIV/AIDS work, improving the status of women and the food for work programme.
- Operates in 78 countries.



"The global HIV situation is now a bit brighter, as the funds channelled into AIDS work are beginning to have an impact," said Peter Piot, Executive Director of UNAIDS, on his visit to Finland. Photo: Mirva Viitanen

- Finland's general contribution for the development cooperation activities of the WFP in 2008 totalled EUR 6 million.

Joint United Nations Programme on HIV/AIDS, UNAIDS

- Works to prevent HIV infections and AIDS, mitigates the effects of infections related to the illness, and supports those who have been infected.
- Supporting organisations: WHO, UNDP, UNICEF, UNESCO, UNFPA, UNODC, ILO, UNHCR, WFP and the World Bank.
- UNAIDS draws up the general policies for work to counter the spread of HIV/AIDS, coordinates the operations of its supporting organisations and provides them with technical assistance.
- Operates in some 150 countries.
- Finland emphasises cooperation between UNAIDS and other actors, especially the Global Fund, and the coordination of activities, the implementation

of the HIV prevention strategy adopted in 2005 and the key global role of UNAIDS in work to counter HIV/AIDS.

- Finland's general contribution in 2008 was EUR 7.5 million.

International development financing institutions

Of the international development financing institutions, the most important of Finland's 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 the policies and operations of the development financing institutions by taking part in the institutions' strategic decision-making in connection with negotiations for additional funding and through the executive boards of financing institutions. Finland operates on the executive boards in a group with the other Nordic countries.

In 2008, Finland clearly increased its contribution to the additional financing for the International Development Association (IDA), the African Development Fund (AfDF), the Asian Development Fund (AsDF), and the IFAD. At the same time, Finland was able to influence the priority areas of the financing institutions. The first stage of the reforms to the governing bodies of the World Bank and IMF were brought to a conclusion. Finland considers the participation of the poorest developing countries, Africa in particular, and giving them a greater say, to be especially important.

Development funding for crises

In 2008, Finland spearheaded the effort to enhance the operations of development financing institutions in countries suffering from conflicts as well as countries recovering from them. The additional funding for development financing institutions channelled funds towards supporting fragile states.

The rise in the prices of food and oil together with the crisis in the financial markets affected the operations of all the international financing institutions in 2008. They channel both short-term and long-term assistance



In 2008, development financing institutions responded to the challenges of climate change. Children playing football next to a factory in South Africa. Photo: Matti Nummelin

towards supporting agriculture, improving access to energy, and helping economies that have got into difficulties. As the crisis escalated to an ever greater extent, the need for aid also increased rapidly. In order to respond to the crisis, Finland increased its support for the Consultative Group on International Agricultural Research (CGIAR) as part of the Ministry's long-term programmes on food security and climate change.

All the development financing institutions responded to the challenges posed by climate change. The World Bank drew up a comprehensive strategy on climate change and development, in addition to which the development financing institutions prepared their own policies and set up numerous special thematic funds. The debate on the future of the Nordic Development Fund continued, and at the end of the year the Board of Direc-

tors proposed refocusing the future operations of the NDF towards climate financing.

In 2008, Finland joined the World Bank's Forest Carbon Partnership Facility, the Extractive Industries Transparency Initiative (EITI), and the Gender Action Plan, a multi-donor trust fund promoting the status of women.

The Nordic Human Rights Fund was set up in the World Bank, with Finland included among the supporting countries. The aim of the fund is to strengthen the human rights perspective in the Bank's operations and within its member countries. The Human Rights Fund also supports operations in countries recovering from conflicts and in fragile states, especially in order to fulfil the obligations placed on countries by the UN's human rights conventions. Sub-Saharan African countries take priority in terms of financing.

ETHIOPIA

Finland's bilateral project- and programme-specific aid to Ethiopia in 2008 amounted to around EUR 5.9 million. The aid was primarily for the education sector and water management.

Finland started bilateral development cooperation with Ethiopia in 1967, and Ethiopia was chosen as a programme country in 1982. There was an interruption in development cooperation during Ethiopia's civil war in 1991–93, and in 1998–2000 the war between Ethiopia and Eritrea resulted in new projects being put on hold. Finland, like other donors, did not make any new cooperation commitments in 2005 as a result of the violence following the parliamentary elections. In 2007, Finland and many other donors resumed their cooperation at the previous level and work started on planning an increase in cooperation.

The aim of the cooperation is to improve the quality of education and help Ethiopia extend education

Good results in the education sector

In recent years, Ethiopia has achieved impressive results in the education sector: the number of comprehensive schools doubled in 1997–2007, for instance. The good results have, above all, been due to Ethiopia's own work; donors have supported Ethiopia in its own development work.

In 2008, Finland's contribution was most clearly evident in developing the planning of special needs education. In the future, Finland will continue to provide support for developing special needs education. In addition, support will be given to the sector programme aimed at improving the quality of education, an important element of which is teacher training.

to all population groups. A particular focus of efforts is education for girls and children with special needs. The quality of education has improved over recent years by enhancing the skills of teachers through the



Ethiopia has been able to build more schools and to improve the quality of education. Finland supports education for girls in particular. Photo: Milma Kettunen

Villagers finance and administer the funds for water management

Finland supports the expansion of rural water management and sanitation services and their sustainability in the Amhara province. The amount of aid will total EUR 27.6 million over the period 1994-2011. A community-based financing model (CDF) is being applied in the project. In this model, local communities apply for financing on their own initiative for water and sanitation and administer the funds themselves. The village communities also use private-sector services in the construction of water points.

Finland's financing is channelled directly to the villages through small, local financing institutions. This approach has succeeded in getting the villagers to commit more strongly to the project, its results and to maintaining communal structures. The village communities are required to cover a

minimum of 15 per cent of the costs themselves. As a result of the commitment, the sustainability of the results and cost-effectiveness of the project have improved.

The advantage of a community-based financing model is the use of small, private financing institutions and private entrepreneurs in the implementation of the project and channelling of the funds, thus freeing up municipal authorities to focus on their own control, training and investigation tasks. Thanks to the financing model, it has been possible to dig as many as 60 wells by hand in a year, compared to the usual number of 35-40 wells a year. Nearly all the water points in the Finnish project were in working order: on average 70 per cent of the water points in the entire country are in working order.



The water programme in Amhara province has brought clean water to 1.2 million Ethiopians. Photo: Hanna Isoranta

teacher training programme implemented by Ethiopia's Ministry of Education. The programme started in 2004 and continued until the end of June 2008. Finland supported the programme with a total of EUR 10 million, together with the Netherlands, Belgium, Great Britain, Ireland and Sweden.

Finland has also provided support for developing special needs education. A Finnish expert on special needs education worked at the Ministry of Education in Ethiopia in 2003–2007, who assisted in the completion of a strategy on special needs education in 2006. This work was continued by a new expert in August 2008, who is helping the Ethiopian Ministry of Education to implement the strategy on special needs education. Finland has additionally supported special needs education by training dozens of Ethiopian special needs teachers in universities.

Water

The coverage and sustainability of rural water management and sanitation services has been improved since 1994 in Amhara State through Finnish aid. A similar bilateral project got underway in 2008 in Benishangul-Gumuz. During 1994–2008, around 1.25 million Ethiopians have received clean water through Finnish aid.

According to the latest estimates, 52 per cent of the Ethiopian population has access to water supply and around 32 per cent to sanitation services. However, 80–90 per cent of the country's inhabitants live in rural areas, where the number with access to clean water supply and sanitation is clearly lower. An estimated 45 per cent of rural inhabitants have access to water supply and as few as under 10 per cent to sanitation services. However, in the absence of a reliable national system for monitoring and compiling statistics, the percentages cannot be viewed as totally accurate. According to the UN's Millennium Development Goals, the number of people without clean drinking water and sanitation should be halved by the year 2015. Ethiopia's own national goals aim for full coverage of water and sanitation by 2012.

Finland is making plans to extend the water programme to cover the sustainable development of water resources and natural resources in addition to water supply and sanitation. Conditions for business activities will be improved in the Tana-Beles catchment basin, which

Amhara and Benishangul-Gumuz are a part of, through the sustainable use of water resources and land governance. The aim is to support growth created in rural areas and from agriculture that is based on the sustainable management of natural resources in line with Ethiopia's growth and poverty reduction programme. Efforts will be made to increase the social and economic activity of Ethiopia and the Ethiopians without compromising ecological sustainability.

Soldiers smoothly back to civilian life

The Government of Ethiopia and the World Bank implemented a post-war programme in Ethiopia supporting the return of veterans to civilian life. The soldiers were assisted both financially and socially. The project restored basic structures, stabilised the country's economy and helped people return to their home areas.

158,000 soldiers were demobilised through the programme. Nearly all received grants that facilitated their reintegration into society. In addition, five regional prosthesis centres were set up, which provided several thousand veterans with the health care services they required. At the national level, the share of defence expenditure of the budget was reduced and similarly social expenditure was increased.

After Ethiopia and Eritrea agreed on a ceasefire in June 2000, the Government of Ethiopia rapidly received assistance from the International Development Association, IDA, to implement the programme. The IDA also offered technical assistance and managed the development of expertise. The total budget of the programme, which ended in 2007, was USD 174 million, or some EUR 129 million, of which USD 170.6 million (approx. EUR 126 million) was covered by the IDA and USD 3.4 million, around EUR 2.5 million, by the Government of Ethiopia.

Long-term partner countries

KENYA

Finnish aid to Kenya totalled around EUR 3.7 million in 2008. The total includes bilateral, multi-bilateral and local cooperation.

Finland and Kenya have been engaged in cooperation for nearly 40 years; Kenya became a Finnish programme country in 1980. Bilateral development cooperation formerly focused on developing the forest, energy, agriculture, water management and health sectors. At the end of the 1990s, Finland followed suit with other donors and did not start any new programmes with Kenya, and the situation in the country was monitored for a long time.

With the advent of a new government in 2002, the situation was considered to have changed and Kenya again became one of Finland's long-term partner countries.

In the cooperation negotiations in 2004, Finland and Kenya agreed on continuing cooperation in the forest and energy sectors and in developing the judicial system and good governance. In addition, the MDG programme, which promotes the incorporation of the UN Millennium Development Goals in Kenya's national development planning, has also been supported.

In accordance with the Development Policy Programme, cooperation will in future focus on ecologically, financially and socially sustainable development. Cooperation will focus on Finland's areas of expertise, which are forestry, rural development, the judicial system and good governance. Finland also acted as lead donor in Kenya's forest and judicial sectors.

Cooperation was affected by the unrest following Kenya's presidential elections at the beginning of 2008, as a result of which the implementation of programmes and preparation of new programmes were delayed. Finland supported Kofi Annan, who acted as mediator in the political crisis. Finland has also supported Kofi Annan's reform programme, which has played an important role in solving Kenya's political crisis after the elections, as well as in bringing about reconciliation and promoting democracy.

Justice and good governance

Finland has supported the government's reform programme, the aim of which is to reform Kenya's entire judicial sector. The programme involves the participation of 34 ministries, departments and agencies in Kenya's judicial sector, as well as the judiciary, police, the

Support for Kofi Annan's mediation work

The presidential elections held in December 2007 led to one of the most serious political crises in Kenya's history. The crisis was solved with assistance from the African Union and mediation through the mediation group headed up by Kofi Annan.

The aim of the project is to solve Kenya's political crisis, build peace, bring an end to the violence and restore democracy. At the same time, efforts are being made to prevent future political crises by tackling their causes.

As a consequence of the reforms, it has been possible to end the violence and to pull through the worst of the humanitarian crisis. Political reconciliation has been achieved through the coalition government and likewise progress has been made on reconciliation between the different tribes and communities. Reports have also been drawn up on the dispute surrounding the election and the violence after the election. The implementation of the recommendations contained in the reports is still ongoing.

The long-term goal is to reform the constitution, legislation on elections, and key administrative institutions, to implement land reforms, and to reduce poverty and social and regional inequality. Kenya is setting up a Truth Commission that will examine human rights abuses, financial crime and other historical injustices that have occurred during the country's independence. National healing will be promoted by bringing those guilty of violating human rights to justice. This will likewise put an end to the culture where people who commit crimes go without being punished. Legislation is also being drawn up to set up a special court to examine the violence that occurred during the election.

Responsible party: United Nations Development Programme, UNDP

Finnish aid: EUR 0.5 million in 2008-2009



Heli Sirve, Finland's Ambassador to Kenya, among women members of parliament and representatives of women's organisations on Women's Day 2007.

More women in politics

In Kenya, only a small number of women participate in national and local politics. In order that the development goals, gender equality and social justice are achieved, more women are needed in decision-making roles and in politics.

A Presidential Decree on a gender quota of 30 per cent is in force in Kenya, but it is not strictly enforced. The reforms to the constitution currently underway offer an opportunity to improve the position of women in Kenya.

The Women and Governance programme, which is supported by Finland, has increased awareness on women's rights in Kenya and on opportunities to act as political leaders. Similarly, progress has been made on empowering women in terms of social and political decision-making. During the programme, equality issues have been raised

publicly and within various communities, and more bills promoting equality have been drawn up than ever before.

The programme has clearly improved the social acceptance of women's leadership in Kenya. A record number of women stood as candidates in the 2007 parliamentary elections. However, many of the candidates were subject to violence and threats, and in the end fewer women than expected were elected to parliament. There are, however, more women in Kenya's administration than ever before – eight per cent of members of parliament and 15 per cent of ministers are women.

Responsible party: United Nations Development Fund for Women, UNIFEM

Finnish aid over three years: EUR 0.5 million per year

Long-term partner countries

AFRICA



A school meal is served to children in the Millennium Village of Sauri. Photo: Pasi Riikonen

prisons, human rights bodies and anti-corruption institutions. Representatives of civil society and the private sector are also involved.

Finland also supports the reforms to public administration and the promotion of political and social participation of women. The former programme aims to improve and strengthen public sector services, the service culture and professional ethics. The latter programme supports women's participation in decision-making and in working life as well as promoting gender equality.

Finland's bilateral forest programme is developing Kenya's forest administration, its information systems and forestry. The planning and launch stage of the programme will last until mid-2009, after which the multi-year cooperation programme will start.

Economic growth, employment and the availability of environmental services have improved in Kenya through forestry. Finland continued its support for the forest sector planning stage, which will last for two years.

The aim is to support the reforms to the public forest administration. Support will be channelled especially to areas suffering from drought with the aid of forest information systems and participative forestry.

Aid for Kenya's energy sector has been directed towards updating the comprehensive rural electrification plan. Finnish aid ended at the end of 2008, and Kenya will take the plan forward to its conclusion with its own financing. It is expected to be completed during spring 2009. Finnish aid for the energy sector, especially for exploiting renewable sources of energy, will in future be incorporated as part of cooperation in other sectors.

United Nations Millennium Development Goals

The MDG programme has promoted the inclusion of the UN Millennium Development Goals in Kenya's national development planning. The programme has promoted

the inclusion of the MDGs in political programmes, increased the authorities' and public's awareness of the goals, supported the monitoring of the goals and aimed to reduce factors hindering the attainment of the goals. In addition, investments in the city of Kisumu and the development of business life have been supported through the programme.

Funds for local cooperation

Funds for local cooperation can be used to react to needs that arise rapidly. In Kenya's political situation, it is especially important to support civil society. Both the Government of Kenya and civil society have recognised the importance of NGOs in attaining the Government's development objectives for 2030.

Local cooperation projects strengthen civil society and promote democracy, human rights and good governance. Support is also being given to environmental programmes, projects on renewable energy and poverty reduction programmes in line with the MDGs on the basis of civil society initiatives. Information technology constitutes a new area of cooperation. Poverty reduction is a cross-cutting theme in all the supported projects. The cooperation partners in Kenya are well-known, highly respected NGOs and agencies.

Organisations promote organic production

A dozen small groups from the Wild Living Resources NGO, which have specialised in cosmetics, organic farming, natural medicines, traditional dishes made from natural ingredients and wood handicraft, have been supported through the Nairobi embassy's funds for local cooperation.

Training for the groups focuses on the sustainable use and conservation of natural resources. The makers of the wooden objects are guided to use only certified wood, and a certificate has been acquired for the products. The cultivation of aloes for use in the cosmetics industry is supported in dry areas. In addition to business activities relating to the production of real silk, natural medicines, sustainably produced charcoal and chanterelles, the organisations have been interested in planting trees and protecting forest resources.

Training focusing on quality control, product packaging, financial management, certification and searching for information, and marketing has been given to entrepreneurs. The organisation's Board of Directors includes a ten-member expert group that assists the members.

Finnish aid for the first stage, which started in June 2006, totalled EUR 56,393, the second stage (2008-2009) will be supported to the sum of EUR 49,500.



*Finland has supported rural electrification in Kenya. A tailor's shop has electricity in the Kibera slum in Nairobi.
Photo: Pasi Riikonen*

Long-term partner countries

MOZAMBIQUE

In 2008, Finland's bilateral project- and programme-specific aid to Mozambique was approximately EUR 23 million.

Finland's development cooperation with Mozambique started in 1984, and the country has been included as one of Finland's main partner countries since 1987. Development in Mozambique has received a total of EUR 314 million in aid from Finland since 1984. The country's basic structures and education and health care systems have been improved through the cooperation and Mozambique's own responsibility for its development has been promoted.

In 2008, Finland gave Mozambique aid for the education, agriculture and health sectors as part of programme cooperation, in addition to budget support. Education and rural development projects were implemented on a bilateral basis. Finland operated actively in multilateral cooperation within sectoral and donor

working groups. Finland was a member of the budget support donor group and the leading troika in the rural development sector.

Budget support is the most important instrument in Mozambique's country programme. The Government of Mozambique and NGOs consider budget support to be the most advisable form of inter-governmental cooperation. This form of aid supports democratic control over the budget, strengthens national systems and promotes harmonisation, i.e. the harmonisation of donors' operating practices.

Finland supported the development of the curricula and bilingual education in Mozambique. The education sector in Mozambique was supported through the joint fund for the education sector and through a bilateral project. Aid for the education sector was channelled into the education and culture sector strategy that will form part of the gradual reforms to the entire country's education sector. The strategy also strongly supports Mozambique's poverty reduction programme.

Finland and Mozambique are also implementing a bilateral project in the field of education. Its aim is to



Finland supports reforms to Mozambique's entire education sector. A comprehensive school in the Chokwe province/ Pirjo-Liisa Heikkilä.

improve the ability of Mozambique's National Education Development Institute to evaluate the quality of education, to disseminate research information on education, to implement bilingual education and to increase the use of information technology.

Rural development

Finland is the second largest donor in the agriculture sector in Mozambique and Finland's influence in the sector is significant. Implementing the agriculture sector programme will improve the transparency of public financial management and underscores the importance of the sustainable management of natural resources in reducing poverty.

In addition to the sector programme, Finland supports rural development in the province of Zambézia through a bilateral project. The project supports the sustainable development of the environment and the fight against HIV/AIDS. Private sector capacity building is also being enhanced. Rural poverty is being reduced by supporting small entrepreneurship, by improving gender equality and by improving access to advisory services.

Forests

The preparations for cooperation on forestry between Finland and Mozambique continued in 2008. The aim is to update the national forest programme in cooperation with the ministry responsible for Mozambique's forestry matters in order to meet the challenges posed by climate change. The work will consider the needs of communities dependent on the forests and the challenges posed by increased commercial logging. Finland has also promised to support the implementation of the forest programme.

Health

Through its participation in the health sector programme, Finland, together with other donors, has been able to influence the debate on Mozambique's health policy, and has been involved in specifying the sector's objectives, evaluating the results and developing the entire health system. Finland has contributed in particular to the efficiency of the health administration, the development of planning and financial administration, and the decentralisation of the health administration to the regional level.

Decision-making power to the regional level

In 2008, Finland's programme cooperation in Mozambique covered budget support and cooperation in the education, agriculture and health sectors.

Administrative decentralisation has also been supported through programme cooperation. The aim is to strengthen the system of financial administration and other systems at the national level. Their effective operation is a necessity so that decision-making power can be decentralised outside central government in accordance with regional policy. The Government of Mozambique is planning to transfer an increasing degree of decision-making power on budget and personnel resources to the regional level.



*A Mozambican man voting in the local elections in Maputo in November 2008.
Photo: Pirjo-Liisa Heikkilä*

Long-term partner countries

AFRICA

Programme aid

The proportion of programme aid will decrease in development cooperation between Finland and Mozambique in 2009–2013. From 2011, Finland's programme cooperation will comprise budget support and aid for the education and agriculture sectors. Finnish expertise and added value will be brought to the cooperation by working proactively in sectoral and budget support donor working groups. Finland will hold the Chair of the budget support donor group from May 2009 until May 2010.

New initiatives in 2009 will comprise the commencement of bilateral projects in the forest and information society sectors. Funds for local cooperation will supplement bilateral cooperation in the future.

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. Small-scale cultural projects were supported in India, Egypt, Kenya, Mozambique, Namibia and Zambia in 2008.

The projects promoted the objectives set out in Finland's Development Policy Programme through cultural means. The project implementers and initiators included cultural figures and organisations together with local and national cultural bodies, as well as educational institutions in Finland and the target country. The forms of activity included workshops that aimed at developing vocational skills and the potential to earn a living of young people, women, the disabled and other selected target groups in developing countries through training and learning.

New cooperation in science and technology

Work started on planning a new bilateral science, technology and innovation project between Finland and Mozambique in 2008. The project includes technical assistance and improving basic structures in the sector. Private sec-

tor capacity building will also be supported, as will cooperation with actors in the private sector. The aim is also to conclude partnerships between Finnish and Mozambican actors in the science, technology and innovation sectors.



An anemometer being adjusted in Mozambique. Photo: Matti Nummelin

ZAMBIA

Finland's bilateral project- and programme-specific aid to Zambia in 2008 amounted to around EUR 9.8 million.

In the 1970s and 1980s, Finland was one of Zambia's most important donors. Cooperation focused on developing forests, agriculture and the cooperative system and from the 1990s education as well. Hopes for the development of a well-functioning democratic system were dashed in the 1990s with the spread of bad governance and corruption; and cooperation was put on hold at the start of the new millennium. With the change in President and improvement in the operating environment, however, the country was again included among Finland's long-term partner countries in 2004, after which cooperation has gradually started to increase.

Finland and Zambia's cooperation sectors are: the environment and natural resources, developing the private sector, agriculture and rural development. Thematic cooperation focuses on good governance and developing public administration.

The environment and natural resources

In 2008, Finland channelled its aid into the forest sector and the environment and natural resources sectors through a programme funded jointly with other donors. The programme aims to stop environmental pollution and to improve the protection and sustainable use of natural resources. It will enhance the ability of the Ministry of Tourism, Environment and Natural Resources to manage the development of environmental policy. Environmental issues are also included in the activities of other sectors, and investments in the environment and natural resources are financed and implemented.



The Luapula region has considerable forest and water resources. Photo: Matti Nummelin

Long-term partner countries

AFRICA

Finland has been appointed Zambia's leading donor in the environmental sector and its task is to coordinate the actions of other donors in the sector. The most important task has been to assist Zambia in implementing the environmental programmes of the national development plan.

Private sector

In Zambia, Finland supports the development of the private sector and agriculture and rural development. Measures to achieve this focus on raising household incomes and improving agricultural productivity.

Developing the private sector and improving its operating environment promotes economic growth that

reduces poverty and sustainable development. The development programme for the private sector is implemented by strengthening public administration supporting the sector and by reforming legislation. Finland also supports development projects for SMEs.

Agriculture and rural development

Finnish aid for rural development has concentrated on the Luapula Province. In the Luapula rural development project underway, Finland is supporting an improvement in market-oriented agricultural productivity and competitiveness. Household incomes and food security are being improved by making fisheries, agriculture and the agrobusiness efficient and competitive industries.

Finland leads cooperation in the environmental sector in Zambia

The administration of hundreds of separate development projects together with monitoring the results and reporting on them places an immense burden on the administration of developing countries. The limited resources of partner countries are guided towards the attainment of development goals through the harmonisation of development cooperation, in other words harmonising the operations of donors, and in this way the results of development cooperation are improved.

Harmonisation means in practice that donors avoid overlapping actions in their development cooperation and engage in closer cooperation. At the same time, the administrative systems of partner countries and the operational capacity of personnel are strengthened.

Finland has been named as lead donor in Zambia for cooperation on the environment and natural resources, including forests. As lead donor, Finland coordinates the actions of other donors in the environmental sector.

One of the biggest problems in Zambia's environmental sector has been the spectrum of different projects funded

by numerous donors. All the projects have had their own planning and monitoring systems separate from Zambia's administration. The impact of the projects on the environment, natural resources and human welfare have not always been the best possible.

The decision on the division of labour in the environmental sector and on the lead donor was made by the Government of Zambia. A working group for debate between all the parties was set up at the same time. Zambia's Ministry of Tourism, Environment and Natural Resources is responsible for coordinating donor cooperation.

Harmonising the operations has strengthened the leadership of the Government of Zambia in the environmental sector. All the actors operating in the environmental sector talk to each other and better understand each others' perspectives. Zambia has also been able to develop its system for managing public finances.

Agricultural products to the market in Mansa

The rural development project in Luapula Province, which is supported by Finland, is improving the agricultural businesses of small farmers. The remote Luapula Province, one of Zambia's poorest, is located far away from markets. The project is improving access to markets of small producers and creating connections between small producers and marketing companies.

The project has helped the Mansa District Farmers Association and its members to negotiate agreements on bean seed production, for example, and with a company that produces tinned beans for export. This has ensured access of agricultural products to markets.



*Cathreen Chabwe cultivates peanuts in Luapula.
Photo: Outi Einola-Head*

Budget support

Zambia's national development plan is being implemented with budget support. Budget support has an impact on the administration's ability to attain sectoral, financial and good governance objectives. Budget support and governance development programmes that support its objectives also improve the capacity of public administration.

Funds for local cooperation and aid for development cooperation by NGOs strengthen civil society and promote human rights and democracy.

In the coming years, Finland will direct its aid toward diversifying Zambia's economy through improving production and trade based on the private sector in an ecologically sustainable way. At the same time, Zambia's ability to respond to the challenges of climate change will be improved. Important measures include the implementation of the sector programme focusing on the environment and natural resources, improving the capacity of the trade and private sectors, and supporting rural development and food security. In addition, business partnerships, energy and environmental partnerships, and imports from Zambia to Finland will be promoted.

Aids prevention and education in the mining area

Finland has successfully supported two HIV/AIDS projects through funds for local cooperation in Zambia's mining city of Kabwe. Training for the construction sector has been provided for young HIV-infected adults. As a result, young people have found work more easily and discrimination relating to HIV infections has been reduced.

Another project has provided education on HIV/AIDS in schools. Through the project, teenage pregnancies have been reduced, the use of condoms has increased and pupils have greater knowledge of HIV and AIDS.

Long-term partner countries

TANZANIA

Finland's bilateral project- and programme-specific aid to Tanzania in 2008 totalled around EUR 24.6 million.

Finland and Tanzania have been involved in development cooperation since the 1970s. Tanzania has been a very successful developing country during the first decade of the new millennium, even if it is still included among the world's least developed countries. All the donors' projections of Tanzania have been similar, and the assistance received by the country has grown fairly rapidly. Tanzania's success is founded on good economic growth and a stable economic policy. Tanzania has also made efforts to reform its public administration, although the changes have been quite slow.

The continuation of Tanzania's positive development is threatened above all by major league corruption, which has been perpetrated by high-level state civil servants and politicians. The EPA scandal (External Payment Arrears) overshadowed more positive developments in 2008 in particular. The actions of the Government of Tanzania in investigating the corruption scandal are considered to be in the right direction. However, adequate efforts must be made in stamping out corruption in the future and it should be ensured that the judicial system functions independently in its investigation of corruption cases.

Finland's development cooperation in Tanzania focuses on reducing poverty. This is implemented by supporting the Government of Tanzania's own growth and poverty reduction programme. Finland and Tanzania held negotiations on development cooperation at Dar es Salaam in October 2008 on the basis of the new Development Policy Programme. The main themes of development cooperation were agreed to be the following: forestry and the environment, agriculture and bioenergy, regional development and budget support. The aim of the thematic choices is to support ecologically, economically and socially sustainable development in Tanzania.

The forest and environmental sectors are the main development cooperation sectors between Finland and Tanzania. Finland has supported the implementation of the forest programme, which aims, in particular, to increase revenues from natural resources. This has been pursued by supporting the mapping of national forest reserves and by



Finland is planning the development of the information society and e-government in Tanzania.

strengthening the rights and role of communities in sustainable forestry. Finland has promoted the development of good governance in the forest sector through budget support and internal measures in the sector.

New initiatives in cooperation

The use of innovations and technology in promoting Tanzania's economic growth are being looked into as new initiatives in cooperation. The following areas are under preparation: developing the information society and e-government, improving entrepreneurship capacity through information technology, improving the education system and developing environmentally friendly technology. Another new initiative concerns the development of the electricity transmission and distribution network in Dar es Salaam, the implementation of which is being studied.

A major part of Finland's development cooperation is implemented in cooperation with other bilateral and multilateral actors through joint financing systems and dialogue. An important means of influencing is the promotion of harmonisation, i.e. harmonising donor practices in Tanzania.

Finnish development policy is based on the idea of being a long-term development cooperation partner, whose actions can be anticipated. The planning of new cooperation is based on the assumption that Tanzania's development will continue to be positive.

Improvement in education and health care through budget support

Finland has provided budget support for Tanzania since 2001. Budget support is provided in Tanzania by a group of 14 donors that includes not only bilateral donors but also the World Bank and the European Commission. Budget support in 2008 amounted to some USD 700 million, of which Finland's contribution was EUR 15 million.

Budget support promotes poverty reduction through the implementation of the national growth and poverty reduction programme. Budget support has proven to be an effective means of supporting policies to reform the economy and the public sector, and makes it possible to exert influence on strategic questions relating to the country's development. Budget support has contributed to macro-

economic stability and the expansion of the education system and health care services.

The irregularities detected in an external audit of the central bank cast a shadow over budget support cooperation in 2008. The donors demanded the Government give further clarification on the irregularities and corrective actions. Budget support payments were suspended until it was verified that the terms and conditions set by the donors had been satisfied. After this, the donors paid their budget support commitments in full. The crisis strengthened cooperation between the Government of Tanzania and the group of donors in the work against corruption.



Pupils at the Independent School in Dar es Salaam. Photo: Erja-Outi Heino

Long-term partner countries

AFRICA

Controlled land use on Zanzibar

The Sustainable Management of Land Environment in Zanzibar (SMOLE) project reduces poverty and improves people's living conditions through stable land use management with respect to the environment. At the same time, socially and economically sustainable development is supported. The budget for the first stage of the project, which began in 2005, is EUR 4.5 million.

The project has achieved significant results to date:

- High-quality digital base maps covering all of Zanzibar are ready.
- A comprehensive land use inventory has been completed and the information transferred to the maps.
- Handbooks and guidelines on real estate administration first registration have been prepared and training on them has been provided.
- The land use administration's inter-departmental information system is operational.



Maps of Zanzibar. Photo: Outi Einola-Head

Better results through the One United Nations programme

The pilot programme in Tanzania brings together and focuses the operations of the various UN agencies to improve development results. In this way, the UN will be able to more effectively support Tanzania's development goals. The main objective is to help Tanzania achieve the UN Millennium Development Goals by the deadline.

The programme includes the participation of 17 organisations, including the Food and Agriculture Organization of

the United Nations (FAO), and the World Health Organization (WHO). Efficiency will be enhanced by using Tanzania's national systems for allocating and channelling the aid.

The One United Nations programme in Tanzania provides both development assistance and humanitarian aid.

The programme involves seven donors; aid from Finland amounts to EUR 3 million. Similar programmes are being implemented in eight countries around the world.

Free AIDS drugs from Ilembula Hospital

Around thirty people are packed into the reception area of Ilembula Hospital in Tanzania: men, women, young people and middle aged people. There is not enough room for everyone to sit down, so they wait their turn by the door or outside.

Everyone is waiting for free antiretroviral drugs, which slow down the HIV virus from turning into AIDS. In a small doctor's surgery at the end of a corridor, Dr Mpumilwa is engaged in discussion with a patient.

One of the patients waiting to see the doctor talks about what life is like. Thanks to the antiretroviral drugs, everything is going quite well, although the drugs for other illnesses are not free, which makes finances quite tight.

Aida Mtega, a nurse who works at Ilembula hospital, knows the plight of the residents in the area, as she makes home visits to people suffering from AIDS. There are many

people who need to be helped. People are really hard-pressed and there is not always enough food. HIV-positive patients get the drugs for free, although many do not have the money to pay for the trip to the hospital. Many are afraid to come to the clinic for fear of being labelled.

Ilembula Hospital is one of Tanzania's 20 hospitals run by the Evangelical Lutheran Church. The Church is responsible for 15 per cent of the country's health care services. The hospital's HIV and AIDS work is part of the cooperation between Iringa University, the Evangelical Lutheran Church of Tanzania and Ilembula Hospital. Iringa University trains support staff who assist people who are HIV positive and those suffering from AIDS.

The project, which is supported by the Finnish Evangelical Lutheran Mission, receives development cooperation aid from the Ministry for Foreign Affairs.



Patients waiting for free drugs at Ilembula Hospital. Photo: Finnish Evangelical Lutheran Mission

Other partner countries

NAMIBIA

Finland and Namibia switched from bilateral project-based development cooperation to more varied forms of cooperation during 2004–2007. There will be a particular increase in trade and investments between the countries.

The transition stage in cooperation between Namibia and Finland was evaluated in summer 2008. On the basis of the evaluation, the development of large-scale partnerships through existing instruments, such as the business partnership programme, will be continued.

Paavo Väyrynen, Minister for Foreign Trade and Development, visited Namibia in October 2008. The aim of the trip was to boost the development of new, broadly based partnerships and to continue cooperation with new forms of cooperation that already exist. These include inter-institutional cooperation between the countries and the business partnership programme.



Cooperation between Finland and Namibia has continued for 140 years. The hospital in Ovamboland is named after the female Finnish doctor Selma Rainio. Photo: Outi Einola-Head

Successful local cooperation

Finland decided in 2001 to switch from traditional development cooperation to more diverse cooperation with Namibia. The transition stage in the cooperation between Finland and Namibia during 2004–2007 was evaluated in 2008. The evaluation examined how successfully the new cooperation and interaction had been established. The evaluation considers that cooperation between Finland and Namibia over recent years has been successful. The aim of the transition period was to diversify the relations between Finland and Namibia, and this has been achieved for the most part.

Finland has received recognition in Namibia as a promoter of human rights, democracy and good governance.

Local cooperation has been a success during the transition phase. Funds have been used effectively and for the right purposes. Local cooperation was applied to nearly all the activities during the transition period. Cooperation has worked well as a means of public diplomacy and raised

awareness of Finland in Namibia. The Government of Namibia is interested in developing the civil society, and this will create good future prospects for local cooperation and NGO work.

Namibia has a shortage of skills in many sectors in which Finland has special expertise that it can offer. The evaluators recommend that Finland continues its cooperation in Namibia through various partnerships. Furthermore, it is recommended that Finland takes a leading role as a promoter of human rights, democracy and good governance.

According to the evaluation, the transition phase should be continued as Finland and Namibia's 140-year-old special relationship will not remain at the same level without proactive work. Maintaining the relationship does not require bilateral projects based on donated funding, but all the forms of cooperation available must be used: cultural cooperation, PR activities in Finland and NGO cooperation.

SOUTH AFRICA

Finland and South Africa continued with bilateral cooperation in 2008, which is gradually switching over from projects based on donations to partnerships. 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 projects support South Africa's national development goals. The economic situation and livelihood of especially the poorest citizens will be improved. The objective is an equal information society intended for all citizens.

Finland also supported the education sector, small entrepreneurship, the development of environmental management, and strengthening civil society. Finland and South Africa concluded a cooperation agreement on the first trilateral project, in which the countries will support the development of biosciences in southern Africa in cooperation with the New Partnership for Africa's Development, NEPAD.

SUDAN

The situation in Sudan continued to be difficult during 2008, especially in the Darfur region, where Finland supported refugees through significant humanitarian aid. In 2004–2007, Finland also channelled EUR 12 million through the World Bank for reconstruction in South Sudan, and in this way for supporting peaceful development in Sudan.

The decision was made in 2008 to continue supporting the reconstruction programme, and the amount of aid is planned to total EUR 10.5 million for the years 2009–2011. In spring 2008, a small-scale project between the University of Helsinki and the forestry administration of South Sudan started, which will support sustainable land use planning by the forestry administration in South Sudan.



The INSPIRE project supported by Finland is building an information society strategy in South Africa's Northern Cape Province. Pupils at the Fannie Malan school take a look at computers in Upington. Photo: Rauli Virtanen

Thematic and regional cooperation

AFRICA

Thematic and regional cooperation complements other forms of aid. Thematic development cooperation focuses on sectors that Finland has specified as being important, especially the promotion of sustainable development. The cooperation sectors are sustainable forestry and industry, water, the environment, the information society, strengthening the capacity to trade and furthering social stability. Thematic cooperation is in most cases implemented on a regional basis, whereby the cooperation must have clear, cross-border content and it must support regional integration.

WEST AND CENTRAL AFRICA

The region of West and Central Africa covers 24 countries, the majority of which are French-speaking. The region contains several countries recovering from conflict, the stability of which depends to a large extent on the situation in the neighbouring countries. The most serious armed conflict in 2008 was in the Democratic Republic of Congo. It impacts the stability of the entire region of Central Africa. Democracy is weak in many countries in the region and human rights abuses are common. An increasing amount of the drugs coming into Europe are trafficked through West Africa.

Extensive areas of rain forests, which are of global importance, are located in Central Africa. Flooding is common in coastal areas whereas drought is a prob-



Ghana has an important role in the African Union and the Economic Community of West African States ECOWAS. A picture of Ghana's capital city Accra / Matti Nummelin.

lem in the Sahel region. Both phenomena are becoming increasingly intense as a result of climate change.

The most important regional actor in West Africa is the Economic Community of West African States ECOWAS, which includes 15 West African countries. In addition, the Mano River Union operates in the region, although its importance for regional integration is relatively minor. The International Conference on the Great Lakes Region (ICGLR) operates in the Great Lakes region, and its aim is to strengthen the region's security, stability and development.

Finland is not engaged in bilateral development cooperation in West and Central Africa. Finnish aid is mainly channelled through international NGOs and ECOWAS. In 2008, Finland supported international NGOs engaged in conflict prevention and peacebuilding.

Peace and security

Finland financed the peacebuilding support programme implemented by the South African Accord organisation, the Small Arms Control Programme of the Economic Community of West African States (ECOWAS), and the programme managed by the World Bank to demobilise and reintegrate former soldiers into society in the African Great Lakes region. In addition, Finland supported regional NGO cooperation in the fields of conflict prevention, crisis management and peacebuilding.

The environment

Finland financed an Eastern Nile development project that promotes the sustainable use of water resources, and a plant gene bank of the South African Development Community (SADC) in Zambia. In the cultural sector, support was allocated to the African Capacity Development Fund and UNESCO's project to preserve African cultural heritage. In the domain of the knowledge and information society, Finland supported a project of the United Nations Economic Commission for Africa (UNECA) to promote information and communications technology. Finland also funded a basket fund of the East African Community (EAC) to promote economic and political integration in the region, and a cooperation programme between Finnish and African municipalities implemented by the Association of Finnish Local and Regional Authorities.

Finland has made preparations to increase regional and thematic cooperation in Africa in line with the Development Policy Programme. Preparations were made in 2008 for support to the African Biosciences Network, an African water supply and sanitation project, the development of peace mediation work by the African Union and the Infrastructure Trust Fund of the European Investment Bank.

Finland has supported the fair and sustainable use of the water resources of the Nile and through this the peaceful development and economic growth of the region. The aim of the Nile Basin Initiative, a common initiative of the states in the Nile Basin, is to improve cooperation between the riparian states and to create a climate that would enable the signing of an inter-state agreement governing the management of the water resources.

Relief for poverty through tree cultivation

The International Fund for Agricultural Development (IFAD) implemented a programme to promote tree domestication in Gabon, Cameroon, the Democratic Republic of Congo, Nigeria and Equatorial Guinea. The programme helped tens of thousands of rural inhabitants to improve their living conditions.

The cultivation and sale of indigenous trees producing fruit and medicinal substances has improved the health and quality of life of many families. As a result of the programme, farmers have been able to feed their families, send their children to school and improve their position. The status of women within the family has improved in particular and become more equal.

The programme has also benefited environmental protection. The deep roots of the trees have reduced the danger of landslides and similarly improved the fertility of the soil through nutrients from deep down.

IFAD supported the second stage of the two-stage programme with USD 1.2 million, or around EUR 890,000, during 2004-2007. The total costs of the programme were USD 2.3 million, or around EUR 1.7 million.

MEDITERRANEAN REGION

The environment of the Mediterranean forms one of the foundation pillars of development in the Middle East and North Africa. The management of the scarce resources in dry regions is important because it has an effect on economic development, the quality of life and social stability.

Finland's regional cooperation in the Middle East and North Africa is focused on the environment. Finland supported sustainable development in the Middle East and North Africa through regional and bilateral cooperation. Regional assistance was directed towards environmental projects through the World Bank, United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP). The support centred on protecting coastal areas in North Africa and the Middle East, preventing desertification and solving hazardous waste problems caused by industry and climate problems. In addition to the environment, Finland supports human rights development in the region, for example through projects implemented with funds for local cooperation.

The Basel Convention Regional Centre for the Arab States, which processes hazardous waste, received support. An industrial environmental project was financed in Egypt, Jordan and Morocco through the United Nations Environment Programme (UNEP). Aid was given to the Palestinian Territories for developing water management. Regional aid was provided for preventing desertification

in North Africa and the Middle East through the United Nations Development Programme (UNDP).

Finland and Egypt have tried to diversify their relationship since the transition period between the countries ended in 2007. Cooperation concentrates on the environmental sector, and Finland has supported the development of Egypt's environmental administration to solve problems with hazardous waste as well as climate problems. A project to reduce industrial pollution is being funded through the World Bank. In addition, inter-institutional cooperation focusing on land management got underway.

The Anna Lindh Foundation

The Barcelona Process emphasises the importance of intercultural dialogue. The Anna Lindh Foundation (Anna Lindh Foundation for Cultural Dialogue, ALF), which was set up in 2004, promotes this work. Finland is supporting the foundation with EUR 300,000 in 2008-2010. The amount will be divided in half between the foundation and the national network.

In 2008, the Anna Lindh Foundation implemented the "1001 Actions for Dialogue" campaign, which was aimed at young people, together with other events as part of the intercultural dialogue in the Euro-Mediterranean region.



Finland supports the protection of coastal regions in North Africa and the Middle East through international organisations. A photo of the Port of Alexandria, Egypt/Matti Nummelin.



The EU supports civilian crisis management in the Palestinian Territories, part of which involves training local police officers. The project also receives aid from Finland. Photo: Pirjo-Liisa Heikkilä

PALESTINIAN TERRITORIES

The main goal of Finnish development cooperation in the Palestinian Territories is to support the Middle East peace process, the creation of two independent states and finding a permanent solution to the conflict between the Israelis and Palestinians. Efforts to attain these objectives are made through building the prerequisites for a functioning Palestinian state.

The three sectors supported by Finland – education, water and sanitation, and the land register – are central to a functioning state. In the education sector, the Pal-

estinian education system has been developed and the quality of education improved. Improving the land register system will develop equitable management of the land and will create the prerequisites for engaging in business. This will increase the chance for the Palestinians to become financially independent.

Finland also assisted the joint fund of the World Bank, which provides aid for the Development and Reform Plan of the Palestinian Authority. Projects that will improve the quality of life of people living in conflict situations and strengthen the local civil society have been implemented through funds for local cooperation.

Long-term partner countries

ASIA

VIETNAM

Finland's bilateral project- and programme-specific aid to Vietnam totalled around EUR 15.6 million in 2008.

Cooperation focused on the forest sector, water management, rural development, and supporting poverty programmes and Vietnam's One UN process. Projects for developing good governance, human rights, the environment and the private sector were supported through funds for local cooperation.

Finland aims to develop as diverse cooperation relationships as possible with Vietnam by 2015. In 2008, project planning started on a new cooperation sector in the field of science and technology, the goal of which is to create a so-called innovation partnership.

Rural areas and forests

Under Vietnam's national poverty programme, which Finland supported, the infrastructure of poor mountainous areas has been strengthened, production in these areas has been boosted and diversified and non-agricultural businesses strengthened. Finland has given long-term aid to rural development projects in the provinces of Quang Tri and Thua Thien Hue, the aim of which is to increase the effectiveness and diversity of agricultural production. The projects have developed agricultural advisory services and supported entrepreneurship.

Finland participated in developing Vietnam's forest sector through the joint donor partnership for the forest sector and a forest sector fund. Finland and Vietnam signed an agreement in 2008 on Finland's EUR 12.2 million in aid for the forest sector. The aim is to strengthen the role of the private sector and the economic and environmental importance of forests.

Decrease in poverty in Thua Thien Hue

The effects of the rural development project that has been under implementation for over a decade in the Thua Thien Hue province in central Vietnam can be seen in many ways. Poverty in three districts has clearly declined. Fish breeding ponds have appeared among the rice paddies and new farming methods and crops have been introduced. Roads and nursery schools make daily village life easier, and pumping stations bring water to the paddies.

A large number of local organisations and communities have been involved in implementing the programme. The input from local people has been significant at all levels.

The experience from Thua Thien Hue demonstrates that corruption can be tackled through rural development. A blacklist of contractors found guilty of malpractice has proven to be a good way to restrain the corruption that is easily connected to construction projects.



Photo: Marja-Leena Kultanen

Water and sanitation to small towns in Vietnam

Finland, in cooperation with the World Bank, has contributed to a bilateral consumer-oriented programme to develop water supply and wastewater management in small towns in the four northern provinces as well as in Haiphong.

The aim of the water supply and wastewater programme for small towns is to produce clean drinking water and to build a hygienic living environment. The project is being implemented in district towns with 4,000–17,000 residents. In addition, the programme has carried out research on the groundwater and surface water reserves in the Red River delta, provided support for supervising the Hai Phong section of the World Bank's sanitation programme, and given assistance to the Ministry of Construction for reforming the regulation on drinking water in urban areas.

In four provinces, a clean water system is being constructed in eleven small towns and a wastewater system in seven cities. Consideration has been given to enhancing local competence in the technical implementation of

the programme. Consumer policy is also an important part of the project, and consumers have been involved in the planning and implementation of the project. Connection fees have not been applied in the project, which has made it easier for poor people to access the services. The local capability to pay and eagerness to receive the services has been thoroughly examined.

The small towns in Vietnam almost without exception do not have centralised wastewater systems. The programme is engaged in pioneering work. The poor are being offered the opportunity to improve their lavatory facilities through small credit facilities. Connecting to the wastewater systems is free. Rainwater drainage is also being improved as rainwater sewers in poor condition flood during rainy periods. The floods cause serious health risks as the collection of solid waste is inadequate.

The total budget for the programme is EUR 20.8 million, of which Finland's contribution is EUR 19 million and Vietnam's contribution EUR 1.8 million.



The open sewer network in the city of Haiphong was repaired and the beaches cleaned. Photo: Jari Tenhunen

Long-term partner countries

ASIA

Finland continued to support the implementation of the forest strategy. Finnish financing has supported the participation of the private sector and strengthened the economic and environmental importance of the forests.

A new project was prepared in 2008 at the request of the Government of Vietnam, which will enhance data management in the forest sector and monitoring of the implementation of the forest strategy.

Water management

In 2008, Finland continued to contribute to the bilateral consumer-oriented programme to develop water supply and wastewater management in small towns in the four northern provinces of Vietnam. Finland has also developed water management in the city of Haiphong in cooperation with the World Bank. Vietnamese legislation in the water and environmental sectors and urban planning have been supported through the project.

One United Nations

Vietnam is one of the pilot countries of the One United Nations programme. In 2008, all the UN agencies work-

ing in the country agreed on a common plan that will increase the ability of the UN to support the Government of Vietnam in its development objectives. In 2008, Finland granted a total of EUR 2.5 million to the One UN programme until the year 2010.

Improving governance

Strengthening local government and good governance is an important theme in the projects in Vietnam that are supported by Finland. Rural development projects have contributed to strengthening local government and the implementation of national policies and legislation. Improving governance is also supported in forestry, water and sanitation projects as well as through funds for local cooperation and the One UN programme.

Non-governmental organisations

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.



Constructing a water supply system in Haiphong. Photo: Jari Tenhunen



Minister for Foreign Trade and Development Paavo Väyrynen held discussions with the Nepalese Minister for Finance Baburam Bhattarai when he visited Nepal in February 2009. Photo: Milma Kettunen

NEPAL

Finland's bilateral project- and programme-specific aid to Nepal totalled around EUR 8.6 million in 2008.

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.

Natural resources

The natural resources sector is an important element in the cooperation between Finland and Nepal. Finland has supported water and sanitation services in rural areas and strengthening regional and local environmental management. Finland and Nepal reached agreement on initiating cooperation in work relating to climate change and improving regional waste management.

Improving rural water and sanitation services will bring safe drinking water and functioning sanitation services and an irrigation system within reach of an ever greater number of Nepalese. This will improve the livelihood and quality of life of people in rural areas. The local environmental management project promotes environmental protection and supports sustainable environmental development and the sustainable use of natural resources by improving environmental management at the local level.

In 2008, Finland and Nepal prepared the launch of the project to map Nepal's forest resources. Planning the cooperation on forestry with Nepal focused on the role of forests in climate change. Finland is supporting the mapping and monitoring of forest resources and the part played by communities in the use of forests.

In addition, Finland decided to support the Leasehold Forestry and Livestock Programme funded by IFAD (the UN's International Fund for Agricultural Development), which focuses in particular on improving the livelihoods of the poorest section of the population.

Long-term partner countries

ASIA

Managing water resources in West Nepal

A year ago, the residents in the village of Asuran in West Nepal still did not know what the word toilet meant. The village's residents, who numbered just under one hundred, fetched their drinking water from the nearby Mahakali river, and the withered patches of cultivated land were dependent on rainwater. Dirty water and non-existent hygiene took their toll in the form of continuous diarrhoea.

Thanks to Finland and Nepal's joint rural water resources project, everything looks different now in Asuran: water posts work, nearly every house has a toilet in the yard, the fields are green and in February a small electricity generator that operates using overflow water from drinking water started working.

"Life is now much easier," says Sumitra Devi Gaha, a mother of three, as she shows her fields with satisfaction, on which she nowadays grows cabbage and carrots as well as tomatoes. The more diverse produce has revolutionised the family's eating habits and brings in an income: the family sells the excess harvest to the Indian village on the other side of the river bank.

Sanna-Leena Rautanen, an expert on the project, emphasises the fact that the project is not just about drinking water.

"The point is not that water comes from the tap, but what is key is what happens afterwards. In addition to constructing the water posts, you have to think in particular about sanitation and hygiene, but also about nutrition, livelihoods and the villagers' means of earning a living."

There are just under 350 projects involved in the Rural Village Water Resources Management project that is being implemented in the westernmost area of Nepal during 2006–2010. In practice, this means that within two years 70–80,000 people will benefit from the water the project brings. The total cost of the project is just under EUR 14 million, of which Finland's contribution is around EUR 12 million. The water, sanitation and electrification of Asuran village cost around EUR 27,000, of which Finland contributed just under EUR 16,000.



Photo: Paula Kukkonen

Support for the peace process and human rights

Finland participated in the UN's operation in Nepal to monitor the ceasefire and armies of both parties and to support the preparations for elections. In February 2008, Finland sent, at the request of the Office of the United Nations High Commissioner for Human Rights (OHCHR) and the National Human Rights Commission, two Finnish experts in forensic medicine to Nepal to assist in investigating the suspected mass grave in Shivapuri, Nepal. Finland contributed to the Nepal office of the OHCHR. Finland has promoted the peace process in Nepal by also supporting the UN Peace Fund for Nepal. Funds for local cooperation were used to contribute to improving human rights, reducing inequality and alleviating the consequences of the conflict.

Nepal achieving the Millennium Development Goals

According to a 2008 UN report, Nepal will achieve the MDGs by the year 2015, except for the eradication of extreme hunger. Achieving universal primary education and combating HIV/AIDS also require further work.

Nepal has on average made good progress in achieving the MDGs. Poverty has reduced since the mid-1990s at a rate of one per cent a year from 42 per cent to 31. On the other hand, economic inequality has increased: in ten years the Gini coefficient, which measures inequality of income distribution, has increased from 0.34 to 0.47.

Child mortality has fallen in Nepal and the mortality of children under five has halved in ten years. Rapid progress has also been made in the water and sanitation sector: the number of people living without water and sanitation has halved since the 1990s. The biggest challenge is still the sanitation situation in rural areas.

In spite of the progress, Nepal is still wrestling with many problems. Life expectancy in the country is one of the lowest in Asia and the proportion of undernourished children the highest. However, the UN report highlights the unequal distribution of development between different social groups as the biggest problem.

Other partner countries and regions

AFGHANISTAN

Finland supported Afghanistan with development cooperation funds of around EUR 14 million in 2008. The amount includes humanitarian aid and NGO cooperation.

Finland's development cooperation in Afghanistan was evaluated in 2007. The evaluation considered the quality and amount of cooperation to be of high quality. According to the evaluation, Finland has also succeeded in choosing the right cooperation partners. The activities have produced results despite Afghanistan's weak governance capacity and shortcomings in the coordination between the various actors. In December 2008, the Government completed a comprehensive report on Afghanistan covering Finnish aid for crisis management, development cooperation and humanitarian aid.

Economy

Finland contributed to the micro-credit project of the Afghanistan Reconstruction Trust Fund (ARTF), which is administered by the World Bank. In 2008, the programme granted credit to over 450,000 customers, 65 per cent of whom were women. The project has helped women in Afghanistan to invest in and build a better livelihood for themselves and their families. The borrowers have also created hundreds of thousands of new jobs.

Good governance

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, for instance. In addition, the fund is used to further development, administration and the status of women at the village level. Good governance has also been supported by assisting the Law and Order Trust Fund for Afghanistan (LOFTA) that comes under the UNDP.

Crisis management

The Reconstruction Team, which operates under the International Security Assistance Force (ISAF), also includes Finnish civilian experts. The team implements projects that improve security, among others.

Non-governmental organisations

There are around a dozen Finnish NGOs operating in Afghanistan and the annual aid they receive is around EUR 1 million.

IRAQ

Finland supported the reconstruction of Iraq in 2008. The aid was channelled through the UNDG Iraq Trust Fund, which was one of the funds of the International Reconstruction Fund Facility for Iraq.

The aim has been to support communities receiving refugees by developing basic structures, improving basic services and implementing employment programmes. Searching for sustainable solutions to the refugee situation and that of internal refugees will promote national reconciliation in Iraq as well as create political and economic stability.

THE MEKONG

Regional cooperation in the Mekong is channelled into sectors in which Finland has experience and expertise: the environment, forests, water, the sustainable use of natural resources and energy. Finland's cooperation partners in the area are the Mekong River Commission, the Asian Development Bank, the Asian Institute of Technology, the World Bank and its International Finance Corporation (IFC), and the International Union for Conservation of Nature (IUCN). In addition to regional cooperation, Finland has supported the development of the forest sector in Laos.

Continuation in the support for the forest sector in Laos was prepared in 2009, and the new programme got underway at the start of 2009. The project continues to focus on village forestry. Laos is very interested in the application of emissions trading mechanisms relating to new forests and the new project will support the administration's capability to use climate change financing mechanisms.

In the area of Tonle Sap Lake in Cambodia, the condition of the environment is being improved along with people's living conditions and livelihoods in a sustainable way through numerous small projects. The project is being implemented in cooperation with the Asian Development Bank (ADB).

Finnish expertise in the protection of forests in Laos

Around 40 per cent of the surface area of Laos is covered in forest and timber is the country's most important export product. However, this valuable natural resource is dwindling because of illegal logging.

Finland is jointly financing a project with the World Bank in 2004-2009 to support sustainable forestry in Laos. The total budget of the project is around EUR 20 million, and Finland's contribution is one half.

The use of forests is planned, managed and exploited in cooperation with villagers and the state authorities. Some of the sales revenue is used to finance the needs of the villages. By managing pristine forests in a sustainable way and by developing village communities, residents can improve their welfare and livelihoods.



The bridge crossing the Mekong River between Laos and Thailand is part of the economic corridor in the Greater Mekong Sub-region that runs from Central Vietnam to Myanmar. Photo: Timo Kuronen

Entrepreneurship

Finland is involved in enhancing opportunities for companies to operate in the Mekong region in Vietnam, Cambodia and Laos. The Mekong Private Sector Development Facility managed by the International Finance Corporation (IFC) stresses the importance of small and medium-sized companies as sources of economic growth and for reducing poverty. Enhancing village forestry and entrepreneurship is an essential part of the programme to develop the forest sector in Laos.

Society

Finland has assisted in developing Cambodia's land use and management system. The International Organization for Migration's (IOM) regional project to prevent the trafficking of women and children has also been supported.

In Laos, Finland has supported the development of the rule of law by participating in the project that promotes the implementation of international conventions, especially human rights conventions. The project is coordinated by the United Nations Development Programme (UNDP).

NICARAGUA

Finland's bilateral project- and programme-specific aid to Nicaragua totalled around EUR 10 million in 2008.

Cooperation focused on rural development, health care and supporting local government. In the future, Finland will continue to provide support for these sectors, with the main emphasis on rural development.

In addition, Finland supports Nicaraguan NGOs through various joint funds. NGO projects concentrate in particular on developing local cooperation.

Rural areas

In 2008, Finland provided support to Nicaragua's sector programme on sustainable rural development. The programme aims to reduce poverty by broadly supporting the development of the rural sector. The aim is to make rural businesses more competitive and food supply

more secure. Finland is also supporting a bilateral rural development programme in two provinces in Nicaragua. The aim of the programme is to eradicate rural poverty by increasing productivity, by diversifying sources of income for the landless and by improving the status of women. An environmental component is also being planned for the programme. As part of the cooperation in the agriculture and biotechnology sector, Nicaraguan students in the sector are being trained in Finland.

Trade and development

Plans were finalised in 2008 to launch a new cooperation project supporting trade. The project will be implemented jointly with Great Britain in 2009–2012. The aim is to find solutions, together with micro, small and medium-sized entrepreneurs, to the problems of market access. Special effort will be made to try and empower women and groups of people who are easily excluded. This will further equitable economic growth and a reduction in poverty as well as strengthen Nicaragua's capacity to trade.



The carpenter Bernardo Hernández makes and sells mahogany furniture in the city of Boaco. He hopes to receive micro-credit so he can buy better machinery and expand his workshop. Photo: Outi Einola-Head

Long-term partner countries

Health

Cooperation in the health sector in Nicaragua is of major importance. Since 2005, most of the aid for the health sector has been channelled into a sector programme that aims to improve access to and the quality of health services and to develop health care management. Finland has also supported reproductive health and reproductive rights for a long time through a bilateral project. A sexual and reproductive health project aimed at young people, which is funded by Finland and is being implemented by the United Nations Population Fund (UNFPA), got underway in Nicaragua in 2008.

Finland, together with the other Nordic countries, has spoken out critically against the ban on abortion, which violates women's rights in Nicaragua.

Improving governance

Aid for the local government sector in 2008 was used to promote democracy, administration was decentralised and local government was developed. The aim is to strengthen the conditions for municipal residents to take part in municipal decision-making, to improve the population's living conditions and the level of services in municipalities, as well as to create a climate that is friendly towards entrepreneurs.

Through the programme, municipalities have increased their tax revenue, which makes the activities more sustainable once the external aid comes to an end. In 2008, Finland also supported the information technology development programme. In addition, support was given to projects that aim at building democratic governance and improving dialogue between the state and civil society.

Funds for local cooperation

A dozen projects were financed in 2007–2008 with funds for local cooperation. These have primarily supported the poor indigenous population of Guatemala's highland region, and have improved the human rights and empowerment of the Miskito population in Honduras. In addition, education for disabled children, cultural projects for young people to combat violence and integrated environmental projects at the village level using solar energy have been supported.



Valentina Pineda works as a doctor in Juigalpa hospital, which is supported by Finland. Photo: Outi Einola-Head

Reducing poverty, strengthening democracy, good governance and human rights, promoting peace processes and combating climate change will be supported in the future in line with the regional strategy on funds for local cooperation for Central America. Cooperation will focus on Guatemala's western highland region and the Miskito region in Honduras. The beneficiaries will include especially indigenous people, women, children and the disabled.

EUR 320,000 was used for regional projects funded through funds for local cooperation in 2008.

Health information for young Nicaraguans

Finland supports a project on sexual and reproductive health aimed at the young in particular. Finland has been involved in developing Nicaragua's health sector for two decades, and the five-year project that started in 2008 is a natural extension of this cooperation. It supports reproductive health rights and equality throughout Nicaragua and promotes a favourable climate for them. In addition to Finland, the project is being financed by Holland and Denmark and the United Nations Population Fund (UNFPA), which is responsible for implementing the project.

Nicaragua has many challenges, which the programme aims to meet. Maternal mortality in the country is high, especially in the self-governing region on the Atlantic coast. Teenage pregnancies, HIV infections and the sexual abuse of minors are common problems.

There are several indigenous peoples that have their own language and culture living in the Atlantic coastal region. When planning reproductive health services, the region's long distances and difficult accessibility must be taken into consideration.

Even though Nicaragua has given strong commitment to the Millennium Development Goals, a lot of work still needs to be done to improve the status of women, and to reduce maternal and child mortality and to improve the health of expecting mothers. Combating AIDS and malaria also come within the project's main objectives.

The promotion of reproductive health has come up against some resistance in Nicaragua in recent times due to political and religious factors. Sexual education has also previously been banned.

The aim of the health project is to improve young people's knowledge of reproductive health and to develop services aimed especially at young people as well as empower them.

Communication is an important element in achieving the project's goals. The project's cooperation partners include the Ministry of Health, the institute responsible for equality work, the police and the army. Cooperation is also carried out with the Catholic Church and other churches, and with human rights and non-governmental organisations.



Thirty-five per cent of Nicaraguans are between the ages of 10-24. The UNFPA project helps young people on Nicaragua's Caribbean coast. Photo: Outi Einola-Head

Other partner countries and regions

CENTRAL AMERICA AND THE ANDEAN REGION

Energy choices play an important role in combating climate change. In its cooperation on energy, Finland has stressed the importance of energy efficiency and saving as well as the use of renewable sources of energy. With the fluctuations in the price of energy, energy security and the availability of energy services have become increasingly topical in developing countries. As part of the work to combat climate change, Finland supports the Central American Energy and Environment Partnership that was set up on the basis of the Summit on Sustainable Development in Johannesburg.

The programme promotes the use of renewable energy in energy supply in Central America. The effectiveness of the model has been established elsewhere, and the aim is to launch similar operations in the Mekong region, Indonesia and southern Africa.

The partnership is a joint programme between the public and private sector, and the aim is to promote the use of renewable energy in all seven Central American countries and in the Dominican Republic. At the same time, the goals are to improve energy availability, combat

climate change and improve regional integration. Finland and Austria are financing the projects and studies on sustainability in all the renewable energy sectors. A total of 176 projects have already been financed through the project, which was launched in 2003.

The second phase of the programme will continue during 2007–2009, and Finland's contribution is EUR 4 million. Finnish aid in total amounts to EUR 5.8 million. The project was evaluated in February 2009, on the basis of which an extension to the project is being planned. Negotiations have also been held with the European Commission on supporting the partnership.

Developing the partnership will enhance ecologically sustainable development in Central America. At the same time, sustainable energy production will strengthen the region's private sector and capacity to trade.

Biodiversity and sustainable use of forests

In 2009–2011, Finland will support Central America's integrated environment and agriculture project on promoting the management and exploitation of forests in a sustainable way. The aim is to preserve the region's biodiversity and reduce the impacts of deforestation on climate change.



Seeds being sorted at Peru's agricultural research institute. Photo: Matti Nummelin



The Amazon Research Institute in Columbia is a cooperation partner in the BioCAN environmental programme of the Andean countries. Photo: Matti Nummelin

The BioCAN environmental programme of the Andean countries, which was launched in 2007, promotes the sustainable use of the Amazon's natural resources in the Andean region. The project capitalises on the good practices that were created in Finland's successful Biodamaz project to protect biodiversity, which was implemented in Peru.

The preparatory stage of the BioCAN programme is being supported in Peru, Ecuador, Bolivia and Columbia with a total of EUR 1.8 million in 2007–2009. The programme is being implemented together with the Andean Community. Finland is also supporting a forest project of the Peruvian agency for fighting drugs, DEVIDA, in the Pichis river valley with EUR 750,000 in 2007–2010.

Of the Andean countries, Peru is included in the business partnership programme. Planning work started in 2008 on a forest, energy and climate partnership, in which the use of renewable energy supports entrepreneurship.

Education and social development

The bilingual education project EIBAMAZ operates in Ecuador, Peru and Bolivia. The project promotes bilingual education of the indigenous population, teacher training, the production of teaching material and research on the sector. Finland's support for the project will amount to EUR 4.6 million in 2005–2009.

The Peru-Ecuador border project promotes peaceful social development in the Rio Santiago river valley in the border area of Peru and Ecuador. Finland's support for the project will amount to EUR 5 million in 2005–2009.

Other partner countries and regions

HONDURAS AND GUATEMALA

The first phase in developing local government in the northern parts of Honduras was carried out in 2003–2006. The aim is to reduce poverty by empowering local institutions and actors in directing their own development. The local actors in the northern part of Copán include a federation of ten municipalities taking part in the project, individual municipalities, organisations and municipal residents. The UNDP was responsible for the implementation of the first phase of the project. Finland granted EUR 1.5 million for a two-year extension to the project.

Education and human rights

Finland's regional development cooperation projects in Central America are helping to improve the position of easily excluded groups, especially women who are members of indigenous peoples, in line with the UN Millennium Development Goals. Regional bilingual and multicultural teaching improves the coverage of bilingual education aimed at indigenous people, the level of teacher training and availability of teaching material in Guatemala and Honduras (2005–2009).

The regional human rights project supported by Finland (2004–2010) supports cooperation with universities and human rights research institutes in Guatemala and Honduras. The aim is to promote awareness of human

Cultural education for marginalised young people

Youth exclusion and gang culture are acute problems in Central American countries. Finland has supported MARACA – a network of three organisations from Guatemala, Honduras and El Salvador – through funds for local cooperation.

The network works to prevent youth violence among young people in Central America through the use of art, culture and cultural education. The social cohesion of young people from poor backgrounds is strengthened at the same time.

Cooperation with the MARACA network will continue in 2009. The project will be expanded to include Belize and Costa Rica in addition to Guatemala, Honduras and El Salvador. The project is a good example of regional cooperation that strengthens civil society cooperation and interaction and in this way promotes regional integration as well.

rights, democracy, equality and the peace process by improving the level of human rights education in universities. At the same time, more information on the subject is being made available to the judiciary and the authorities. Free human rights education is provided, especially to the indigenous population and women. The UNDP manages both of these Finnish-supported projects.



In Central America youth exclusion is a problem that Finnish aid is helping to alleviate. Photo: Matti Nummelin



The environment is a priority for Finnish development cooperation in the West Balkans. Photo: Matti Remes

The environment

Finland's co-operation in the West Balkans focuses on the environment sector. Many countries in the region struggle with the same environmental issues, and concrete environmental co-operation is a good way to promote co-operation between the countries. At the same time, the lack of confidence between the countries can be dissipated. Co-operation areas include environmental protection, environment-related teaching and forestry sector education. The partners include international inter-governmental organisations and non-governmental organisations. In the West Balkans, the environment is also included in projects other than actual environment-sector projects.

Finland has promoted ecologically sustainable development in Montenegro and Serbia as well as regionally in partnership with the European Forest Institute, the United Nations Development Programme, and the Food and Agriculture Organisation of the United Nations. Finland also funded the regional city development project of the United Nations Human Settlement Programme.

A regional project carried out by the European Forest Institute, focusing on forest policy, finance and research, supports the sustainable use of forests by means of education. As a result of the project, universities will provide improved forest-related education.

Society

The objective of the entire West Balkans co-operation is to promote stability and safety as well as to deepen the EU connections of the countries in the area. The projects supported by Finland promote good governance, democracy, civil society, equality, human rights and minority rights.

The co-operation focuses on the recently independent Kosovo, where the situation is the most fragile. At the Kosovo Donors Conference in July 2008, Finland pledged to support the country with EUR 16 million during the period 2008–2011.

West Balkans

Local government

In Kosovo, the emphasis is on development at the local level. Cooperation has been undertaken mainly with UN agencies and other international organisations and NGOs. Supporting local government is also an important part of the Ahtisaari plan to strengthen an independent Kosovo.

Finland is respected in Kosovo as a developer of special needs education. As a result of Finland's long-term bilateral project cooperation, the status of special needs education in Kosovo is now much stronger.

Unemployment is one of the worst problems in Kosovo. In particular, the young, who make up over half of the population, are without work. In the coming years, Finland will support the development of the operating environment and economic activities of businesses through the sustainable employment programme administered by the World Bank. Developing entrepreneurship and employment are also goals in the small projects carried out by Finnish peacekeepers in Kosovo.



*Finland supports the development of economic activities and employment in Kosovo through the World Bank.
Photo: Matti Remes*

The sustainable management and use of water resources are the focus of environmental cooperation carried out in Central Asia, the South Caucasus and Eastern Europe. Several regional water and environmental projects were supported in Central Asia. Regional water resources and dam safety development projects have been financed through the United Nations Environment Programme (UNEP) and the United Nations Economic Commission for Europe (UNECE).

Regional cooperation has been carried out primarily through the Environment and Security Initiative (ENVSEC). ENVSEC is a coalition of organisations that manages environmental and security projects in Eastern Europe, the South Caucasus and Central Asia. Socially sustainable development has been supported by OSCE, the Organization for Security and Co-operation in Europe.

In 2008, support was given for the development of the rule of law, democracy, media freedom and civil society. In Georgia, the development of border control has been financed as has reform of the prison system. In Tajikistan, safe house operations intended for women have received support.

The environment

Finland financed the development of Georgia's environmental monitoring and management systems in 2007–2008. Georgia's Ministry of the Environment acted as the project's local party and the Ministry's National Environment Agency was responsible for the practical implementation.

The project strengthened and developed environmental monitoring and management in Georgia and the resources used for them. The country's authorities now

Success in combating lung diseases

Lung disease is extremely common in Kyrgyzstan. Finland financed a bilateral project to prevent lung disease in Kyrgyzstan in 2003–2007. The decision was taken to continue the project in 2007–2009 as an NGO project implemented by the Finnish Lung Health Association (FILHA). The project focuses on the importance of primary health care in combating lung diseases.

Over 3,000 health care professionals have been trained in Kyrgyzstan through programmes adapted for local circumstances and which have been developed for doctors and nursing staff. As a consequence of the good results, the content of the project was incorporated as part of the total reform of health care in Kyrgyzstan, and the training has been incorporated as part of basic medical training.

The good feedback from governments in the region, international organisations and other donors has created the opportunity to use Finnish expertise in the future in promoting lung health and strengthening local competence. The evaluation performed on development cooperation in the region recommends using the project model in other countries in Central Asia.

have a greater chance to produce reliable, comprehensive and usable information on the environment to use as the basis for decision-making. The results, which have been achieved with the assistance of Finnish expertise and training, have created considerable positive attention towards the project, and Georgia is interested in continuing the cooperation. The Finnish cooperation partner is the Finnish Environment Institute (SYKE).

NGO development cooperation

Support for NGO development cooperation totalled EUR 74 million in 2008.

As set out in the development policy, NGOs have an important role in Finland's development cooperation as a whole. The development cooperation carried out by NGOs complements public bilateral and multilateral cooperation as well as the EU's own development cooperation. The strengths of the activities include direct contacts between civil societies and the enterprising development of the livelihood of the poorest people in developing countries.

There are around two hundred Finnish NGOs taking part in the implementation of development cooperation projects or in the provision of communication on development. Finnish NGOs have projects supported

by the Ministry for Foreign Affairs in over 80 developing countries. Aid was granted for the three-year development programmes of ten experienced and expert partnership organisations and as project-specific aid for development cooperation undertaken by small and medium-sized organisations. The Ministry for Foreign Affairs also channels support through three special foundations into projects of local NGOs in developing countries on human rights, the environment and the disabled. In addition, operational support is granted to KEPA, the Service Centre for Development Cooperation, which is made up of nearly three hundred NGOs and to Finland's UN agencies. The training and advice provided by Kehys ry, the Finnish NGDO platform to the EU, has helped Finnish organisations receive development financing from the EU Commission.

Farmers' organisations help each other

Finland assists farmers' organisations in developing countries to improve the services needed by their members. AgriCord is a cooperation body of national agricultural producer organisations from eight OECD countries, which includes the Finnish Central Union of Agricultural Producers Forest Owners MTK. Improving the possibility to earn an income and lobbying occupy a key role in the diverse projects. Improving the position of women and increasing information on HIV/AIDS are also important. The programme for 2008 includes 223 projects in Africa, Asia and Latin America.

NUCAFE, the organisation for coffee farmers that helps its members boost the income they receive from their harvests, is supported in Uganda. The project advises poor family farms on how to process their yield themselves instead of selling it as a raw material to intermediaries. In this way, the farmer can take more responsibility for the quality of the coffee as far as the buyer and gets a better income for the coffee. Farmers were given training on changing their attitude, managing the value chain and improving the quality of coffee. In addition, member associations were assisted in concluding export agreements to Italy, Belgium and the United States.

As a result of the project, the number of members, production of coffee and sales price increased. Members receive 24 per cent of the sales price as income from further processing. The members' overall savings doubled and loan repayments rose to nearly one hundred per cent. The increased income helped family farms in many ways. As a result of a successful harvest, one member associ-

ation started a home improvement programme in which the grass thatch of 42 houses was replaced with weather-proof tin roofs. Another association bought five mopeds for transporting coffee.



Picking coffee in Uganda. Photo: AgriCord

The aim of NGO development cooperation is to strengthen civil society in developing countries and to further the UN Millennium Development Goals. In this way, developing countries' own NGOs can better succeed in their basic task of providing services, lobbying and providing information. The work of voluntary organisations usually focuses on basic needs – social development, education, health, improving livelihoods – and rural development in its various forms.

Development cooperation funds can also support the activities of international non-governmental organisations (INGO) if the organisation can offer complementarity and added value to tasks which would otherwise not be carried out.

An important part of NGO development cooperation is the strengthening of global solidarity. Organisations

are granted support for communication projects and long-term development education projects. A total of 90 organisations received support for communications and development education in 2008.

The organisations raise development issues for debate throughout Finland. The subjects vary from general development cooperation and policy to global themes and the status of women, children, refugees and other minorities. During the year under review, cooperation was continued with the Ministry of Education to strengthen global education in Finnish society. The Education for Global Responsibility project launched by the Ministry of Education will continue the national strategy work on global education.

Fairtrade rapidly entering the mainstream

The benefits brought to developing countries from Fairtrade has been boosted through campaigns by NGOs. Funds intended for NGO communication projects, for example, have supported the work of organisations. Communication projects supported by the Ministry for Foreign Affairs were carried out in 2008 by organisations such as the Association for Promoting Fairtrade in Finland and Pro Fair Trade Finland.

The Association for Promoting Fairtrade in Finland supervises the use of the Fairtrade certification mark in Finland and communicates on the impacts of Fairtrade certification and the living conditions of rural populations in developing countries. The aim of the association's communication project has been to increase awareness of Fairtrade and it increased in 2008 from 73 per cent in the previous year to almost 90 per cent (Dagmar 2008).

The Association for Promoting Fairtrade in Finland carried out a joint campaign with Pro Fair Trade Finland on the ethicality of public procurement. As a result of the campaign, Finland got its first Fairtrade cities, as Tampere and Pori committed themselves to considering fair trade in their procurements. Pro Fair Trade Finland's local organisations launched the campaign in ten Finnish towns and as a result the number of Fairtrade municipalities and towns is continuing to increase.

The rapid growth of Fairtrade has clearly increased the benefits from trading going to family farms and workers on large farms in developing countries. Fairtrade already benefits over 1.5 million family farms and workers on large

farms in 58 developing countries around the world. Farmers of Fairtrade products and their raw materials receive sustainable compensation for their work and part of the additional income is used for improving the living conditions of the entire community, such as for education and health care. Strict environmental criteria are set for production, and the exploitation of child labour is banned. Compliance with the criteria is monitored by regularly inspecting the farms in the system and the companies selling the products.



Fairtrade is promoted in Finland through NGO projects and voluntary work. Photo: The Association for Promoting Fairtrade in Finland

Humanitarian aid

Finland's humanitarian aid in 2008 totalled almost EUR 66 million, which is around 10 per cent of the actual appropriations for development cooperation.

Finland allocated humanitarian aid at the right time on the basis of needs assessments to victims of conflicts in Africa and the Middle East and to those suffering from natural disasters in Pakistan, Myanmar and China. The main aid recipients were Sudan, Somalia, the Democratic Republic of Congo, Myanmar and Chad. The global food crisis exacerbated the famine in many areas that were already poor. Immediate humanitarian relief was granted for sudden crisis situations, as well as for the victims of the earthquake in China and the conflict in Georgia.

Finland's humanitarian aid is based on international humanitarian law and the universal principles adopted by the UN, according to which, humanitarian aid must be humane, impartial, neutral and independent. Finland grants its aid in accordance with the principles and good practices of humanitarian donorship endorsed by the OECD and EU countries. The policy on humanitarian aid, drawn up by the Ministry for Foreign Affairs in 2007, reinforces these principles and sets guidelines on Finland's humanitarian assistance.

Seamless transition from aid to development

Finland's humanitarian aid is based on human rights and needs. Humanitarian aid is based on need assessments of the UN and other organisations, the most important of which is the UN's Consolidated Appeals Process (CAP). Humanitarian aid enables the return to development, creates opportunities for eradicating extreme poverty and furthers peace efforts in conflict areas.

Finland coordinates its humanitarian aid and development cooperation more effectively so that the transition stage between them is as seamless as possible.

The most important channels for humanitarian aid in the UN system are 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), the United Nations Population Fund (UNFPA), and the World Food Programme (WFP). In addition, Finland channels its humanitarian



Finland gave EUR 2.4 million in humanitarian aid to Chad in 2008. Photo: Timo Karmakallio

aid through the International Red Cross and Red Crescent Movement, and various Finnish NGOs.

Finland will act 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. Finland is involved in international promotion and coordination work for humanitarian aid. In 2008, Finland participated in the work of the Executive Board of the WFP. Pursuant to a decision of the United Nations General Assembly, Finland takes up membership of UNRWA's Consultative Committee at the beginning of 2009. EU coordination of humanitarian aid will become more effective as the EU Council Working Group on Humanitarian Aid and Food Aid, COHAFA, started working at the beginning of 2009, which is also strongly supported by Finland.

Coherence

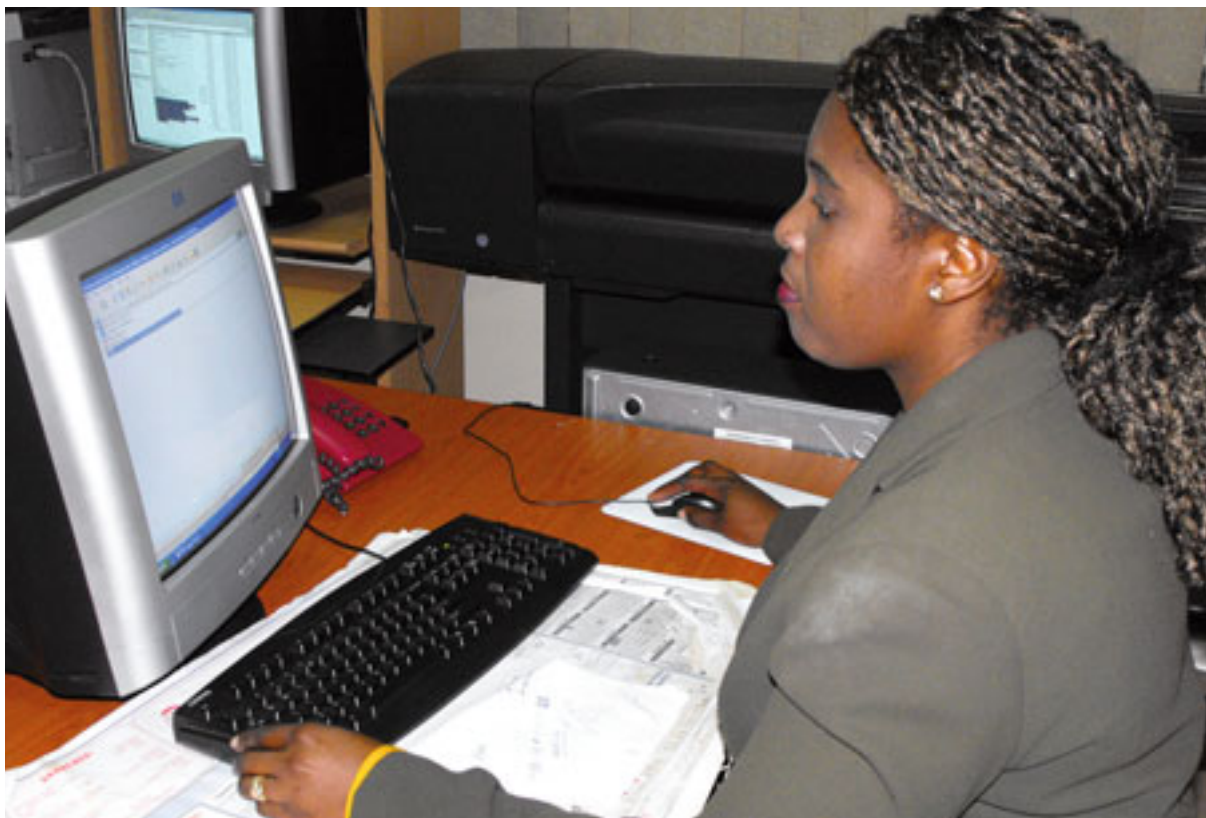
Development cooperation alone cannot solve the problems of developing countries. The policy decisions in various sectors made by industrial countries impact on developing countries, and measures in other policy sectors are needed in addition to development cooperation. For this reason, Finland's Government Programme puts particular emphasis on development policy coherence. The possible impacts on developing countries of political decisions taken in Finland are examined and taken into consideration. Development policy coherence is realised if the policies and activities in the different policymaking areas support the goals of development policy to eradicate poverty and promote sustainable development.

The EU and its member states are committed to promoting development policy coherence in their own activ-

ities and in their relationships with other countries. The EU's progress is monitored in a report published every other year, which comprises 12 different policy fields. The new report will be published in 2009.

In 2008, Finland strengthened the connection of rural development, security, environmental, trade and immigration policy to development policy. The work was carried out in inter-departmental groups of the Ministry for Foreign Affairs and inter-ministerial groups, in which coordination and the setting of common objectives was made more effective.

In 2008, there was an inter-administrative network in operation, containing representatives of not only the Ministry for Foreign Affairs but also all those ministries whose work concerns developing countries. The network discusses development projects and ensures that Finland's operations in developing countries are coherent.



*Coherence, complementarity and effectiveness guide Finnish development policy.
Photo: Zambia's environment institute / Matti Nummelin.*

Indicator for monitoring coherence

Finland is involved in the CDI index (Commitment to Development Index). It funds an independent evaluation that is drawn up every year, in which the coherence of OECD countries is examined in seven policy areas. The areas that are evaluated are development cooperation, trade, investments, immigration, the environment, security and technology.

In the CDI index for 2008, Finland was ranked seventh in following coherent policies. Finland was ranked first in environmental protection and also placed well in trade transparency, security and support for technology. Finland's contribution to global technology development and peacekeeping was rated very highly. There was room for improvement in questions relating to immigration.

Finland's positions on environmental and climate policy and energy policy are prepared by all the appropriate branches of administration.

The Government of Finland and parliament participated in alleviating the food crisis in 2008 at the national and international level. The Prime Minister's Office prepared a snapshot of the international food crisis, for which the Ministry for Foreign Affairs produced information from the perspective of development policy, humanitarian aid and crisis management. In addition, the Ministry for Foreign Affairs was involved in the background work for the report of the Foreign Affairs Committee on the food crisis as well as in the debate on the food crisis in parliament. Finland's position on the EU's regulation for the food crisis was coordinated together with the Ministry of Finance.

The ministries jointly prepared the issues relating to the actions of Finland and the Food and Agriculture Organization of the United Nations (FAO) and monitored agricultural research within international research organisations.

The preparation of matters in the forest sector has also progressed smoothly in cooperation with the Ministry of Agriculture and Forestry and its bodies preparing international forest policy, which also include stakeholder groups.

The coordination of trade and development is one of the priorities of the Development Policy Programme. The trade and development team of the Ministry for Foreign Affairs and the smaller working group on Aid for Trade regularly discuss initiatives and effectiveness in questions on trade and development.

The working group on comprehensive crisis management started its work in autumn 2008. Its aim is to enhance the comprehensive approach to Finland's crisis management operations and prepare a national strategy on the issue.

The inter-departmental security and development working group continued its work in 2008. The aim is to improve coherence in various policymaking areas and operating sectors.

The coherence work of the OECD was advanced by funding the work of a high-level Finnish expert reporting directly to the Secretary-General of the OECD.

Complementarity

The Development Policy Programme stresses the fact that all development policy channels should complement each other to achieve a more effective overall impact.

Finland implements equally coherent development policy bilaterally, multilaterally and through EU cooperation and NGOs. Finland takes into consideration the overall impact and common objectives created from all these layers in its development policy.

Complementarity means the best possible division of labour between the various actors in order to ensure the most effective use of financial and human resources. According to the principle, cooperation should focus on sectors in which the most added value will be created by considering the activities of others at the same time. Finnish added value in the implementation of development cooperation and as a whole is examined in this light. The increase in appropriations for development cooperation makes it possible to focus Finnish aid on larger projects in accordance with the principles of complementarity.

Underpinning the thinking on complementarity are the principles of the Paris Declaration – ownership, alignment, harmonisation (i.e. the harmonisation of donor actions), managing for results and the principles of mutual accountability. These are complemented by the Action Plan adopted at the Accra Summit.

In 2008, Finland took forward planning and development work on complementarity and the division of labour between donors in working groups of the EU and the Development Assistance Committee (DAC) of the OECD.

Finland has committed itself to observing the principles of the Paris Declaration in its work and policies on development cooperation, the Accra Agenda for Action and the EU's common procedural rules to improve aid complementarity. The OECD's Development Assistance Committee has also initiated a process to improve the division of labour between donors and has produced guidelines relating to this.

Effectiveness

According to the Development Policy Programme, sustainable development and the Millennium Development Goals will not be achieved simply by increasing development funding. The effectiveness of the operations also need to be improved. Finland is committed to improving the effectiveness of development cooperation in its own activities and in cooperation with the EU and multilateral cooperation. The efficiency and effectiveness of cooperation were stressed in the activities for 2008.

Finland contributed in 2008 to the international debate on development policy and aid effectiveness in the OECD working group for donors and partner countries and in EU working groups.

The Paris Declaration on Aid Effectiveness and the Accra Agenda for Action that supports it have directed the debate between actors and focused attention on important questions with respect to aid effectiveness.

The OECD commissioned a follow-up report to the Paris Declaration in 2008, which demonstrated that Finland had progressed more rapidly than average in the declaration's objectives. Finland has made progress in improving effectiveness in nearly all sectors in 2005–2007. The Ministry for Foreign Affairs drew up an analysis of the results for Finland once the country-specific information was available, and the operations were improved in those sectors that still had room for improvement.

Aid results highlighted in Accra

In September 2008, a High-Level Forum on aid outcomes was held in Accra, the capital of Ghana, in which the progress of the Paris Declaration on Aid Effectiveness was monitored. During the summit, Finland emphasised the role of the private sector and the importance of the three different dimensions of development. The development cooperation ministers of over 100 countries approved the Accra Agenda for Action to achieve progress on aid effectiveness.

Greater results are expected for aid efficiency and effectiveness. The deadline for the UN Millennium Development Goals is 2015. At the same time, the rising cost of food and fuels and climate change are affecting the world's poorest most of all. The prospect that developing countries will attain their own development objectives is weakening, and the need for aid growing.

As a result of the Accra Summit, partner countries are expected to strengthen their own leadership role in development. Efforts will be made to involve all development actors, including new donors such as China, in the work to improve aid effectiveness.

The quality of development cooperation could be improved, for example, by withdrawing from sectors in which donors cannot offer the best possible expertise. Donors can also avoid overlapping work by giving lead responsibility for each sector to a single country.



Participants explaining the effectiveness of their development cooperation at the Accra Summit. Photo: Outi Einola-Head

Administration

In 2008, the Ministry for Foreign Affairs carried out organisational reforms, whereby operational responsibility for multilateral development cooperation was transferred to the Department for Development Policy. The Unit for Development Communication was merged as part of the Unit for Communications, which is responsible for the Ministry's external and internal communications. At the same time, responsibility for development education was transferred to the Department for Development Policy.

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 2008. In this way, human resources were strengthened and the capacity of the diplomatic missions improved.

The streamlining of development cooperation administration and improvement of statistical and information systems continued in 2008. Progress was made in the statistical monitoring of development cooperation. The greatest achievement was the detailed and multidimensional reporting on development aid, which supports Finland's activities in the OECD DAC's Working Party on Statistics. Finland was one of eight DAC member countries that was able to report on its development cooperation in detail in 2008.

A financial planning system for planning the use of funds for development cooperation was implemented and deployed as part of the information systems for the administration of development cooperation.

Communication and development education

The aim of the Unit for Development Communication during the year under review was to increase awareness on development issues in Finland and to explain development policy and development cooperation in a manner that meets the needs of various target groups.

According to an opinion poll published in June 2008, 72 per cent of the public consider that adequate information on development cooperation and developing countries is available in Finland. A total of 81 per cent of the Gallup poll respondents considered information



The Unit for Development Communication took part in the Farmari agricultural exhibition in July, where the theme was rural development. Photo: Milma Kettunen

from the authorities on development cooperation and developing countries to be at least fairly reliable. 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 results of the opinion poll confirmed the information received from reader surveys of the Unit for Development Communication's global.finland.fi website and the *Kehitys-Utveckling* magazine. Public feedback was taken into consideration in producing the content for publications of the Unit for Development Communication. The *Kehitys-Utveckling* and *Kehitysuutiset* publications were merged in autumn 2008, when the primary focus of communication services was shifted to online.

Public communication aimed to reach target groups who have not previously been interested in development issues. Rural development was picked out from the Development Policy Programme as the content theme of the year, and was marked by participation in the national *Farmari* agricultural exhibition in July. The Ministry's presence and material tailored for the information needs of the visitors garnered considerable praise from the approximately 70,000 visitors to the event.

The European Development Days organised by the European Commission and France, which held the Presidency, highlighted the issue of local government. Finland's delegation to the event in Strasbourg was larger than in previous years and included not only civil servants and NGO personnel but also representatives from Finnish municipalities. The "Eurolla koko maailma" (Whole world for one euro) film festival was organised as a parallel event in Finland in 11 regions throughout the country.

In addition to the public opinion poll, a survey of stakeholders was carried out in the late spring of 2008, which investigated the opinions on development policy and development cooperation of influential people in politics, economics and society. According to the survey, the influential people in question are more sceptical of aid effectiveness than the public. A pilot introductory programme on development issues was organised for decision-makers as a new initiative in 2008. It included seminars in Finland and a week-long field trip to Mozambique and South Africa. The group of 11 participants on the field trip included members of parliament, editors-in-chief and representatives from state administration, business life and NGOs. The feedback from the

participants was positive and the course was considered as being necessary.

Responsibility for coordinating development education transferred to the Department for Development Policy as a result of the organisational reforms within the Ministry for Foreign Affairs. The Ministry supports development education above all through NGOs, and since the reforms the Unit for Non-Governmental Organisations administers all government grants for communication and development education by NGOs.

During its second year of operation, 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. Five journalists from Brazil, China, India, Nicaragua and Tanzania took part in the month-long Foreign Correspondents' Programme that was organised in August.

A seminar on the Chairmanship of the OSCE was organised for journalists from the Central Asian republics and representatives of media organisations in conjunction with the Finnish Foundation for Media, Communication and Development (VIKES). The aim was to improve the competence of the journalists from Central Asia in interest representation, peer support and trade union rights and to promote freedom of speech.

Of NGOs in the field of international communications, the Ministry for Foreign Affairs assisted the Inter Press Service News Agency (IPS) 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 industrial countries, supporting good governance and human rights at the same time. IPS offers news services in over 20 languages and the agency's position has strengthened in the Arabic speaking world, for instance. 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 communication in conflicts and peace processes.

Auditing and evaluation

Eight evaluations were completed during 2008, which evaluated cooperation with NGOs at various levels, cross-cutting themes in development policy, the outsourcing of aid and the development cooperation programmes in Kosovo and Central Asia. An audit was performed of the operations of the partnership organisation programme and three development cooperation foundations – Abilis, Simenpuu and KIOS – at the same time as the evaluation was conducted.

The evaluation, carried out in cooperation with Norway, of the World Bank's Trust Fund for Environmentally

and Socially Sustainable Development was completed. The first stage of the evaluation of the Paris Declaration covering 19 different donors and recipients was also completed. The results of the evaluation were discussed at the Summit on Aid Effectiveness in September. Finland, together with Belgium and the World Food Programme (WFP), performed an evaluation of the Global Environment Facility's (GEF) Evaluation Office. A report will be completed in 2009.

Cooperation with the Development Initiative (IDI) of the International Organization of Supreme Audit Institutions (INTOSAI) continued. The Initiative was given funding of EUR 200,000.



The development cooperation programme between Finland and Central Asia was evaluated in 2008. A photo of stallholders in front of the market hall in Tashkent/Rauli Virtanen.

IMPLEMENTATION OF THE DEVELOPMENT POLICY PROGRAMME IN 2009 AND THE PLANNING PERIOD 2010–2013

Finland's development cooperation and development policy is based on the priorities of the Government's Development Policy Programme. The programme is taken forward on the basis of the operating plans and policies of the Ministry for Foreign Affairs and by operating and participating proactively in international forums. The most important themes of development policy in 2009 include development financing and changes in the development architecture against the backdrop of the economic crisis, comprehensive development and security, climate change and climate negotiations, and advancing complementarity in development cooperation.

New initiatives, such as the Wider Europe Initiative in Eastern Central Europe, Central Asia and the South Caucasus and the Initiative for Transatlantic Partnership of the EU and the US, will also determine the activities in 2009 and thereafter. The Initiative for Transatlantic Partnership, which Finland proposed at the beginning of 2009, aims to foster closer interregional cooperation on development policy to promote sustainable development. The aim is that the partnerships would help the poorest developing countries achieve favourable results in, for example, global negotiations on development, trade and the environment. The initiative featured prominently during the ministerial meeting in Prague in January 2009 and received unanimous support from the EU's development ministers.

Appropriations for development cooperation will be increased in line with the commitments to 0.51 per cent of GNI by the year 2010 and 0.7 per cent by 2015. The appropriations will be allocated and used effectively and as planned. More comprehensive project operations will aid the efforts to increase Finland's cooperation and aid effectiveness in selected key sectors in accordance with the principles of complementarity. Concentrating support on more comprehensive projects will also avoid aid fragmentation and multiple administration costs.

The most important objective of the Development Policy Programme is to eradicate poverty in accordance with the UN Millennium Development Goals and to promote ecologically, economically and socially sustainable development.

In its development cooperation and development policy, Finland:

- promotes a wide-ranging sustainable development agenda in a coherent way in all activities. The aim is to deepen the conceptual debate on what development is and what it aims to achieve. The priority is on strengthening the connection between the environment and development and the coherence and mutual connection between climate financing and development policy.
- implements the EU plan to impact on development policy, prepares and formulates policy decisions on environmental, forestry and water policies and regional policy. The policy on multilateral cooperation is also implemented by updating organisation-specific plans. The UN's Junior Professionals Programme and volunteering, which are funded by the Ministry for Foreign Affairs, is being developed.
- promotes coherence in different policymaking areas so that the objectives of development policy to reduce poverty and promote sustainable development can be achieved. Development policy coherence is promoted within different organisations, state administration and among stakeholders, and in various themes (security and development, human rights reports, continuation reports, trade and development, climate and energy, food security, immigration, and rural development).
- promotes the incorporation of sustainable development principles and the cross-cutting themes of the Development Policy Programme (gender and social equality; the rights and empowerment of excluded groups and minorities; the fight against HIV/AIDS) in all activities.
- promotes the efficiency, effectiveness and quality of development policy and development cooperation within the Ministry for Foreign Affairs and at the international level (e.g. promoting the objectives of the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action, and developing evaluations of the efficiency and effectiveness of the operations of multilateral cooperation partners, and the Multilateral Organisations Performance Assessment Network (MOPAN)).

- pursues greater complementarity in development cooperation: e.g. developing multilateral and bilateral activities and joint activities between the EU and NGOs; the roles of the various aid modalities and better complementarity.
- promotes the implementation of a wide-ranging trade and development agenda, including the private sector and the identification and creation of public and private sector partnerships. Forms of cooperation aimed at supporting the private sector will be further developed. The development of a multilateral trading system is supported together with the integration of developing countries as part of the international trading system. The opportunities of Finnish companies to participate in procurement tenders of international financing institutions and other multilateral and EU tenders is promoted.
- implements the Development Policy Programme within its various sectors tailored to normal budgeting planning processes. In addition, work is carried out on development cooperation procedural methods, administration and statistics:
 - annual plan, operating and financial plan, budget negotiations, negotiations on spending limits, regular financial reporting
 - the Ministry's internal service operations (procedures, improving the information system, compilation of statistics) and database development, delegation by diplomatic missions, administrative guidelines, advisory activities,
 - inclusion of the five per cent of the development cooperation funds for enhancing administrative resources.
 - specifying the interface between development cooperation (ODA) and other international activities
 - development cooperation quality control and developing aid modalities
 - outsourcing NGO project administration and increasing global solidarity by capitalising on cooperation with NGOs

The main emphasis of cooperation in partner countries and regions will continue to be in sectors in which Finland can offer added value and in which Finland's contribution complements the operations of other donors. These sectors are the forest, water and environmental

sectors, geological and climate cooperation, and developing the information society and capacity to trade. This can be seen, for example, in Africa as the expansion in Ethiopia's water programme and the work in Kenya's forest sector. In Asia, for example in Nepal, the main emphasis will switch to the natural resources sector. In Nicaragua, Finland will continue in the rural development, health and governance sectors, and in the countries of the Andean region (Peru, Ecuador, Columbia and Bolivia), forestry and the environment are the priorities for cooperation.

Rural development and agricultural development will continue to feature strongly in cooperation. Support will be given in 2009 to establishing an institute for sustainable development in Tanzania and cooperation with the African Union will be strengthened. Work at the regional level, promoting regional integration and cross-border cooperation, will feature more prominently in the activities. Thematic cooperation will be implemented more frequently in the form of regional cooperation. For example, in Central America the focus will be on supporting regional initiatives to reduce poverty. The aim will be to strengthen regional cooperation in the Mekong region and Africa, for instance. Finland supports EU convergence and the implementation of the objectives of regional stability and security through the framework programme on development cooperation in the West Balkans.

The promotion of security, stability and good governance in unstable and countries and countries recovering from conflicts is important. The theme of comprehensive security and development is key in Finland's development cooperation and development policy. This can be seen, for example, in the promotion of comprehensive crisis management, in considering the special situation of fragile states and countries recovering from conflicts, and in the preparation of the development and security implementation programme.

Climate change, climate negotiations and the planning of climate financing will continue to be important elements in Finland's development cooperation and development policy. High quality work can be guaranteed by ensuring sufficient human resources, by monitoring quality, developing operating methods, improving training and by deepening and advancing the level of knowledge and understanding of development policy and open communication on development policy.

Budget allocation table of actual development cooperation disbursements for 2000–2008 and appropriations in the budget proposal for 2009

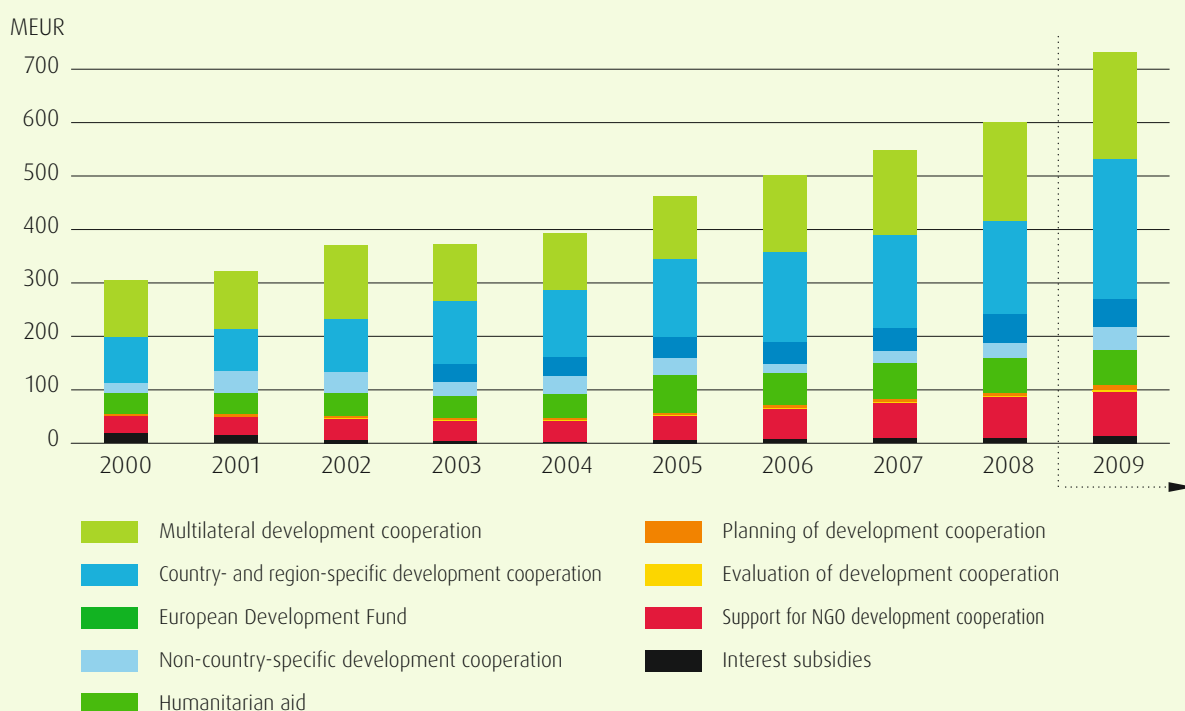
Main title/class/item/ budget allocation table item	Disbursements, EUR million									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009*
Multilateral development cooperation	105,545	108,823	138,571	105,124	104,959	117,689	143,753	157,572	184,049	200,000
Country- and region-specific development cooperation	85,330	78,229	98,662	118,598	126,705	145,731	168,370	172,712	175,511	260,000
European Development Fund**				32,560	34,634	39,120	39,572	44,458	54,000	54,000
Non-country-specific development cooperation	19,462	41,772	40,207	25,948	34,021	31,829	18,473	21,298	26,191	41,350
Humanitarian aid	38,622	39,353	42,181	42,000	44,500	70,500	59,400	69,135	65,807	67,000
Planning of development cooperation	3,072	3,738	5,565	4,790	5,993	5,744	5,698	5,320	6,737	8,937
Evaluation of development cooperation	0,331	1,148	0,598	0,518	0,549	0,750	0,537	0,991	1,063	2,000
Support for NGO development cooperation	31,816	33,622	38,234	38,554	38,385	45,118	57,085	64,512	76,190	83,700
Interest subsidies	19,841	15,846	7,109	3,900	3,330	6,029	8,590	11,107	10,776	14,000
Total	305,669***	322,586***	371,128	371,992	393,076	462,509	501,478	547,105	600,325	730,987

* Appropriations in the budget proposal for 2009

** Disbursements by the European Development Fund before 2003

*** Includes disbursements for the reconstruction of Bosnia

Budget allocation table of actual development cooperation disbursements for 2000–2008 and appropriations in the budget proposal for 2009



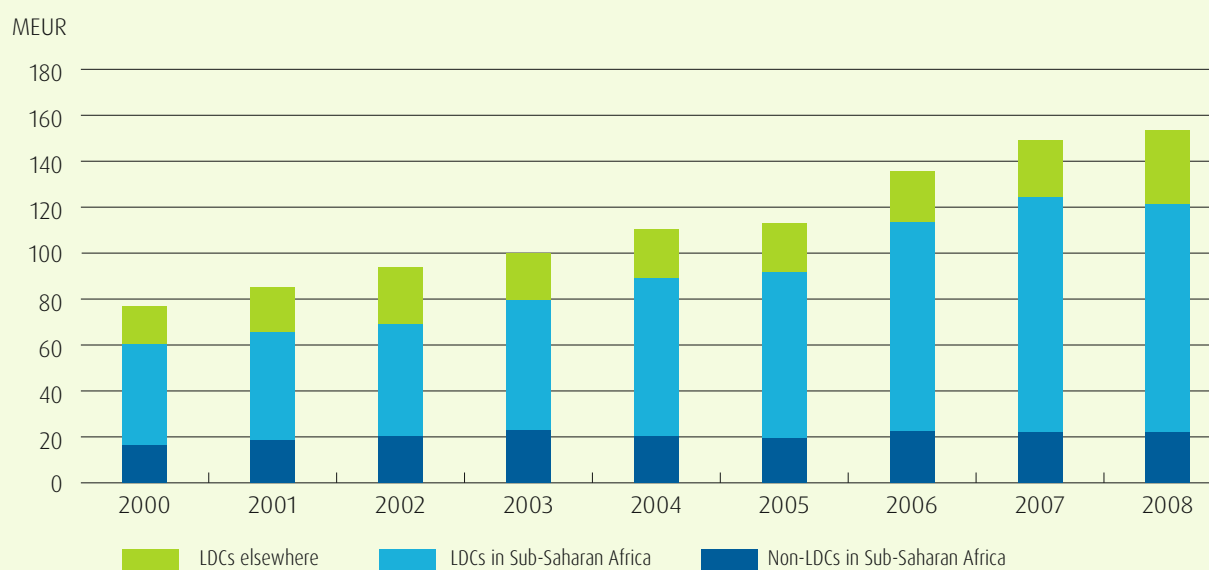
Bilateral development cooperation disbursements to the poorest countries* 2000–2008

Regional group	Disbursements ¹ , EUR million								
	2000	2001	2002	2003	2004	2005	2006	2007	2008 ²
LDCs in Sub-Saharan Africa	44.3	47.1	48.8	56.8	68.7	72.5	90.8	102.5	99.2
LDCs elsewhere	16.2	19.3	24.5	20.4	20.9	21.3	21.8	24.4	32.0
LDCs Total	60.2	66.1	73.1	75.6	88.4	92.7	111.9	126.7	131.2
Non-LDCs in Sub-Saharan Africa	16.4	18.9	20.7	22.9	20.5	19.5	22.8	22.3	22.1

* The LDC classification is based on the OECD/DAC's definition of LDC countries in 2008

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

² The data for 2008 are preliminary



Country- and region-specific disbursements by group of partner countries 2000–2008

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

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

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

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

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

Breakdown of country- and region-specific disbursements by group of partner countries, %

Partner country group	2000	2001	2002	2003	2004	2005	2006	2007	2008
Long-term development cooperation partners	53.6%	57.2%	49.8%	44.3%	47.0%	48.6%	52.8%	58.9%	58.1%
Countries in transition	12.2%	15.1%	13.2%	10.5%	6.7%	5.2%	4.2%	4.0%	2.6%
Countries and regions recovering from violent crises									12.2%
Others*	34.2%	27.7%	37.0%	45.2%	46.3%	46.1%	43.0%	37.1%	27.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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

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

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

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

Country- and region-specific disbursements, long-term partner countries

Country- and region-specific disbursements, EUR million									
COUNTRY	2000	2001	2002	2003	2004	2005	2006	2007	2008
TANZANIA	9.52	10.19	9.76	9.31	9.67	11.32	20.44	20.36	24.67
MOZAMBIQUE	9.92	9.75	11.00	16.09	19.69	18.87	20.59	19.88	23.15
VIETNAM	5.29	4.72	6.34	6.15	8.96	12.89	13.47	16.67	15.58
NICARAGUA	7.55	6.80	5.91	6.50	5.70	7.55	12.49	14.50	10.44
ZAMBIA	3.10	3.89	5.10	3.77	4.24	6.30	6.12	13.49	9.84
NEPAL	4.65	3.76	4.75	3.55	3.85	5.61	4.92	6.69	8.62
ETHIOPIA	2.87	2.07	2.86	5.30	4.36	5.28	6.53	3.97	5.94
KENYA	2.95	3.65	3.46	2.13	3.08	3.08	4.40	6.16	3.77

Country- and region-specific disbursements, largest partner countries

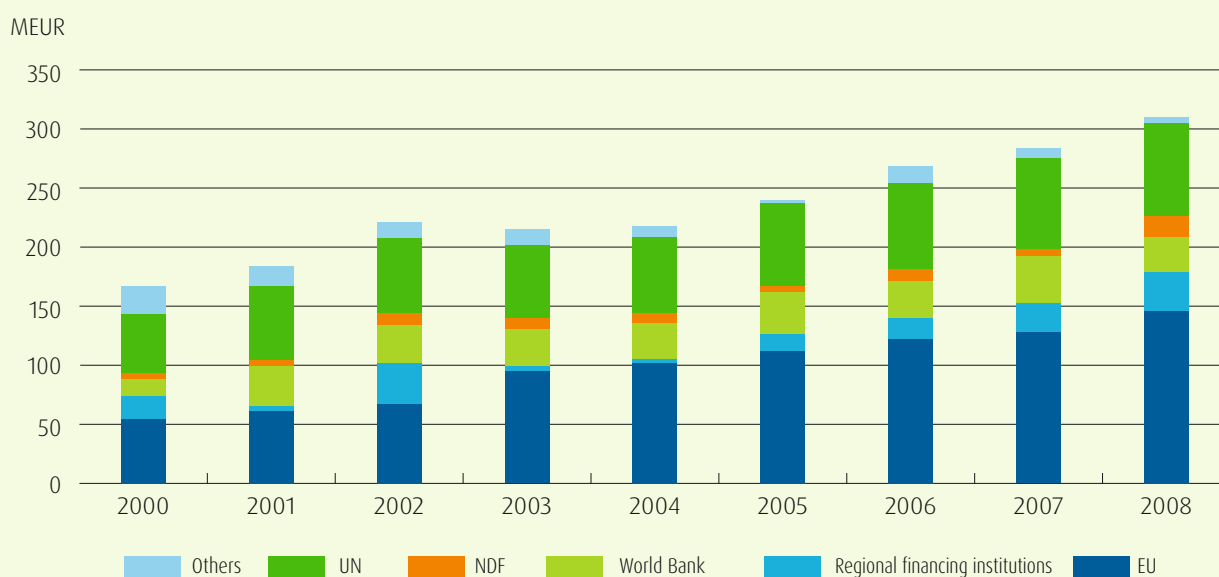
Country- and region-specific disbursements, EUR million								
	2005		2006		2007		2008	
1.	MOZAMBIQUE	18.87	MOZAMBIQUE	20.59	TANZANIA	20.36	TANZANIA	24.67
2.	VIETNAM	12.89	TANZANIA	20.44	MOZAMBIQUE	19.88	MOZAMBIQUE	23.15
3.	TANZANIA	11.32	VIETNAM	13.47	VIETNAM	16.67	VIETNAM	15.58
4.	SOUTH AFRICA	10.43	NICARAGUA	12.49	NICARAGUA	14.50	NICARAGUA	10.44
5.	NICARAGUA	7.55	SOUTH AFRICA	11.03	ZAMBIA	13.49	ZAMBIA	9.84
6.	AFGHANISTAN	7.25	AFGHANISTAN	7.81	AFGHANISTAN	8.24	AFGHANISTAN	9.43
7.	ZAMBIA	6.30	ETHIOPIA	6.53	NEPAL	6.69	NEPAL	8.62
8.	NEPAL	5.61	ZAMBIA	6.12	KENYA	6.16	SERBIA AND MONTENEGRO*	8.55
9.	ETHIOPIA	5.28	SERBIA AND MONTENEGRO*	6.05	SUDAN	5.30	SOUTH AFRICA	7.51
10.	SERBIA AND MONTENEGRO*	5.11	PAKISTAN	5.31	SOUTH AFRICA	5.04	ETHIOPIA	5.94
11.	INDONESIA	3.96	NEPAL	4.92	SERBIA AND MONTENEGRO*	4.29	PALESTINE	4.40
12.	PALESTINE	3.83	KENYA	4.40	ETHIOPIA	3.97	KENYA	3.77
13.	SUDAN	3.70	SUDAN	4.00	INDONESIA	3.68	NAMIBIA	3.38
14.	EGYPT	3.19	EGYPT	3.18	NAMIBIA	3.36	LAOS	1.60
15.	KENYA	3.08	NAMIBIA	3.03	PAKISTAN	3.18	CAMBODIA	1.29

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

Finland's countries in transition (situation in 2006)

* The region description for country code 862 (currently Serbia and Montenegro) has changed during the period, the year 2008 also includes Kosovo (EUR 5.8 million separately)

General grants to multilateral cooperation channels by group



General grants to multilateral cooperation channels, disbursements 2000–2008

Disbursements, EUR million		2000	2001	2002	2003	2004	2005	2006	2007	2008*
Channel										
EU	EDF	5.33	0.00	2.96	32.56	34.63	39.10	39.60	44.46	54.00
	EC	49.50	61.60	64.22	63.08	66.97	73.50	82.70	84.13	92.51
Regional	AfDB	0.36	0.40	0.40	0.40	0.40	0.40	0.40	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
	AsDb	0.38	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
	IDB,IIC	1.62	0.10	0.07	0.12	0.14	0.40	0.38	0.33	0.00
World Bank	IDA	14.89	29.20	22.00	26.40	25.40	30.50	26.50	35.08	24.62
	WB/HIPC	0.00	5.00	11.00	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
NDF	NDF	4.66	4.70	9.57	9.01	8.60	5.60	10.40	5.87	18.27
UN agencies	FAO	0.95	0.97	1.00	0.82	0.83	0.82	0.82	0.92	1.00
	IFAD	0.00	0.00	1.70	1.80	1.60	1.50	1.50	2.00	2.00
	ILO	0.15	0.17	0.20	0.17	0.18	0.18	0.20	0.18	0.19
	ITU	0.17	0.18	0.19	0.15	0.15	0.15	0.15	0.00	0.00
	UNAIDS	1.35	6.70	2.94	3.00	4.00	7.00	7.00	7.50	7.50
	UNCCD	0.00	0.10	0.03	0.03	0.04	0.20	0.20	0.04	0.04
	UNCHS	0.00	0.50	0.42	0.42	0.45	0.46	0.46	0.46	0.47
	UNDP	12.95	13.50	13.12	13.50	13.99	14.80	15.50	16.00	17.00
	UNEP	0.34	3.20	2.88	2.86	2.86	2.86	2.86	4.14	2.90
	UNESCO	0.00	0.40	0.46	0.42	0.36	0.34	0.34	0.35	0.35
	UNFPA	12.45	12.40	14.45	12.95	13.45	14.15	14.50	15.20	16.00
	UNHCR	6.90	6.90	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
	UNIDO	0.00	0.50	0.50	0.48	0.53	0.52	0.56	0.57	0.42
	UNIFEM	0.50	0.50	0.51	0.51	0.51	0.58	0.60	0.60	0.78
	UNOCHA	0.00	0.00	0.60	1.00	1.00	1.00	2.00	2.00	2.50
	UNRISD	0.17	0.20	0.17	0.25	0.20	0.25	0.25	0.00	0.00
	UNRWA	1.85	2.50	3.20	2.50	2.50	2.50	2.50	3.00	3.00
	WHO	0.00	1.70	1.67	1.38	1.10	1.22	1.20	1.28	1.28
	UN membership fee	0.63	0.63	0.80	0.82	0.65	0.84	0.85	1.04	0.85
Others	Ozone Fund	0.00	0.86	0.86	1.10	1.10	1.10	1.10	0.72	0.72
	ACBF	0.67	0.67	0.67	0.67	0.67	0.67	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
	EPO	0.03	0.03	0.03	0.03	0.03	0.34	0.35	0.35	0.35
	ITTO	0.00	0.00	0.00	0.00	0.06	0.10	0.30	0.07	0.10
	Other general aid	22.27	14.54	11.44	10.73	6.60	0.14	12.44	6.75	3.29
Total		166.90	183.80	223.73	221.07	223.84	245.56	274.54	290.22	317.28

* Data on disbursements for 2008 are preliminary (03/2009)

Poverty reduction in Finland's long-term partner countries

Ethiopia	2004-2005	2005-2006	2006-2007
Proportion of the country's population living below the national poverty line (%)	39.0%	36.6%	34.6%

Source: Report on Ethiopia's poverty reduction programme PASDEP.

Kenya	1990	2000	2002	2006
Proportion of the country's population living below the national poverty line (%)	43.3%	51.8%	56.0%	45.9%

Source: Kenya Integrated Household Budget Survey 2007.

Nepal	1990	2000	2005
Proportion of the country's population living below the national poverty line (%)	42%	38%	31%

Source: UNDP Millennium Development Goals; Needs Assessment for Nepal. (2006)

Nicaragua	1990	1995	2005
Proportion of the country's population living below the national poverty line (%)	30%	33%	27%

Source: IEG CASCR Review. Independent evaluation group.

Mozambique	1996	2002	2007
Proportion of the country's population living below the national poverty line (%)	69%	54%	54%

Source: World Bank. Africa Region Working Paper. Year 2007 World Bank. Mozambique at a Glance.

Zambia	1998	2004	2006
Proportion of the country's population living below the national poverty line (%)	73%	68%	63%

Source: Survey of Zambian living conditions 2006.

Tanzania	1992	2001	2007
Proportion of the country's population living below the national poverty line (%)	39%	36%	34%

Source: National Bureau of Statistics Tanzania 2009

Vietnam	1998	2002	2004	2006
Proportion of the country's population living below the national poverty line (%)	37.4%	28.9%	19.5%	16.0%

World Bank Vietnam Development Report 2008.

Indicators to monitor the situation in developing countries

In comparing monitoring indicators measuring development, consideration must be given to the fact that different indicators and monitoring methods are used in different countries. The monitoring methods in the same country may even change from year to year, so the figures should be interpreted as being indicative. Therefore, a country-specific comparison of the level of achievement of the first UN Millennium Development Goal is not expedient.

The values of monitoring indices are based on the latest available data or estimates and may be a few years old. The most important aim is to provide an indicative view of the direction in which development is going.

ABBREVIATIONS

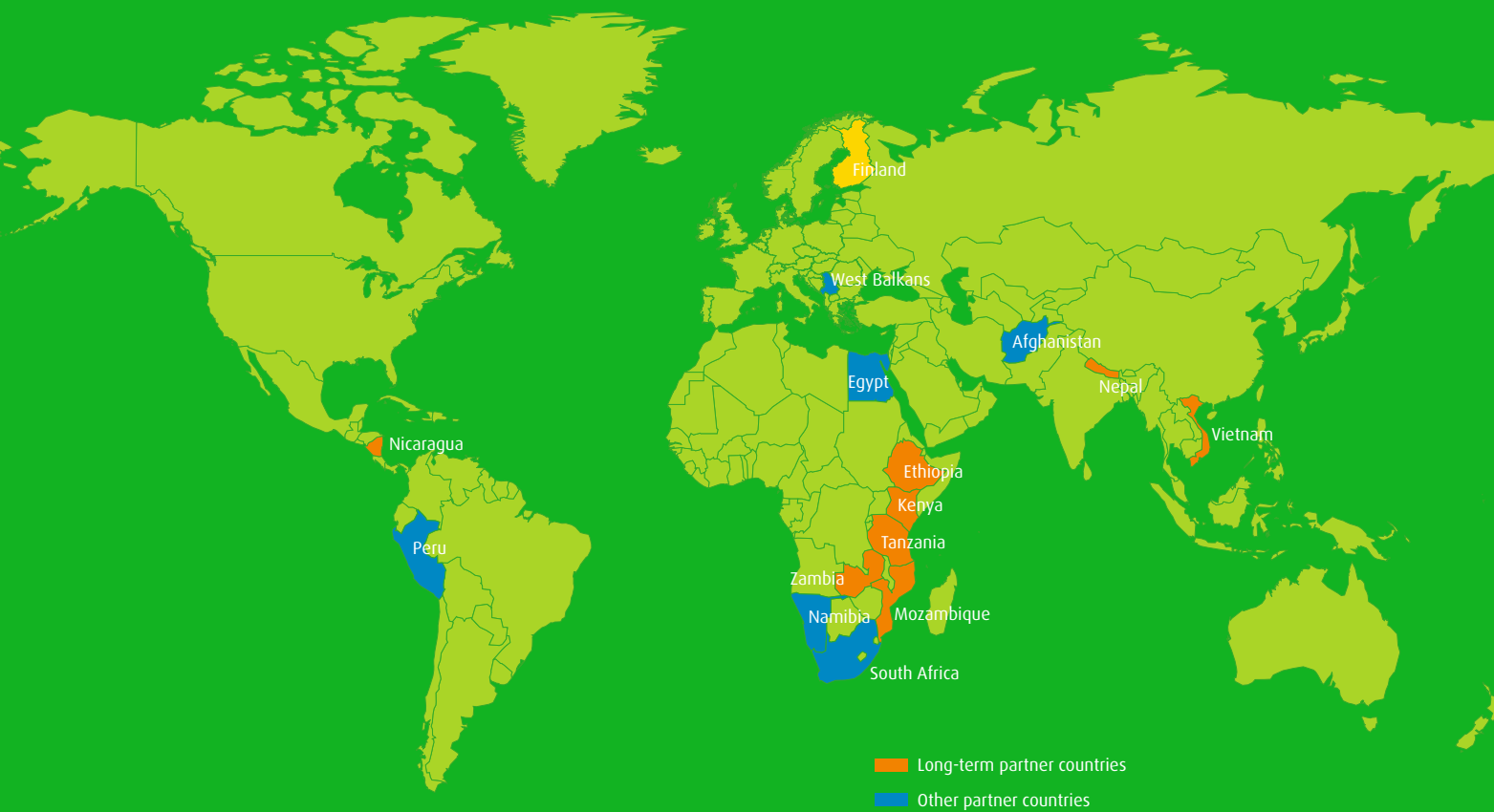
ACCORD	African Centre for Constructive Resolution of Disputes
AfDB	African Development Bank
AfT	Aid for Trade
AITIC	Agency for International Trade Information and Cooperation
ACP countries	African, Caribbean and Pacific countries
ARTF	Afghanistan Reconstruction Trust Fund
AsDB	Asian Development Bank
ASEAN	Association of Southeast Asian Nations
BIOCAN	Biodiversity Regional Program in CAN Member Countries' Andean-Amazon Regions
BIODAMAZ	Biological diversity of the Peruvian Amazon
CDM	Clean Development Mechanisms
CIFOR	Center for International Forestry Research
CIMIC	Civil-Military Co-operation
CDI	Commitment to Development Index
DCF	Development Cooperation Forum
DDR	Disarmament, Demobilisation and Reintegration
ECOSOC	United Nations Economic and Social Council
EFA	Education for All
EFI	European Forest Institute, Euroopan metsäinstituutti
EIBAMAZ	Regional Project on Intercultural Bilingual Education in the Andean Region
ECOWAS	Economic Community of West African States
EDF	European Development Fund
EPA	Economic Partnership Agreement, an economic partnership agreement between the EU and ACP countries
FAO	Food and Agriculture Organization of the United Nations
GEF	Global Environment Facility
GHD	Good Humanitarian Donorship
GJLOS	Governance, Justice, Law and Order Sector
GSP	Generalised System of Preferences
HIPC	Heavily Indebted Poor Countries
HLF	High Level Forum on Aid Effectiveness
ICRAF	World Agroforestry Centre
ICT	Information and communication technology.
IDA	International Development Association (part of the World Bank)
IDB	Inter-American Development Bank
IF	Integrated Framework
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation

APPENDICES

ABBREVIATIONS

ILO	International Labour Organization
IMF	International Monetary Fund
INGO	International Non-Governmental Organisations
IOM	International Organization of Migration
ITC	International Trade Center
IUCN	International Union for Conservation of Nature
KIOS	The Finnish NGO Foundation for Human Rights
LDC	Least Developed Countries
LDCF	Least Developed Countries Fund
MDG	Millennium Development Goal
MDRI	Multilateral Debt Relief Initiative
MDRP	Multi-Country Demobilization and Reintegration Program
MOPAN	Multilateral Organization Performance Assessment Network
OECD	Organization for Economic Co-operation and Development
PBC	United Nations Peacebuilding Commission
PBF	United Nations Peacebuilding Fund
PBSO	Peacebuilding Support Office
PFM	Public Financial Management
PROAGRI	Agricultural Sector Public Expenditure Program
PROBA	Working Party on Commodities
PRT	Provincial Reconstruction Team
SCCF	Special Climate Change Fund
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
UNEO	United Nations Environment Organization
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFF	United Nations Forum on Forests
UNFPA	United Nations Population Fund
UN-Habitat	United Nations Human Settlements Programme
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
WFP	World Food Programme
WHO	World Health Organisation
WTO	World Trade Organization
GAERC	General Affairs and External Relations Council of the EU

Finland's most important partner countries for bilateral cooperation



Finland's Development Cooperation 2008 explains the content of Finland's development policy and development cooperation, and the direction of Finland's public development aid in 2008.

The book is intended for everyone interested in development issues and development cooperation. It provides useful information for reporters, teachers, students and those working for NGOs. The book is available free of charge at the Development Policy Information Unit of the Ministry for Foreign Affairs.

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