



WESTERN BALKANS

**Finland's Development Policy Framework Programme
for the years 2009–2013**

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Cover photo: *The rebuilt Mostar bridge in
Bosnia and Herzegovina.
Photo: Shutterstock.*

Foreword

The purpose of this Framework Programme is to steer the implementation of the Finnish development policy and development cooperation in the Western Balkans until 2013.

The Framework Programme is based on the Government's Development Policy Programme of 2007. According to the Development Policy Programme, Finland aims at eradicating poverty and promoting economically, socially and ecologically sustainable development in compliance with the UN Millennium Development Goals set in 2000.

Based on Finland's Development Policy Programme, the challenges in the Western Balkans and the expertise and knowledge stemming from Finland's own history, the Framework Programme is built around the following, interlinked themes: 1. Stability and security, 2. Aid for Trade, 3. Environment, and 4. Social sustainability.

The country-specific priority of Finnish cooperation in the Western Balkans is Kosovo.

Implementation of the Framework Programme for the Western Balkans is steered by the following principles of the Finnish development policy: coherence, the complementarity of various actors and cooperation methods, and the effectiveness of aid. The commitment of the Western Balkan countries in the cooperation is an essential precondition for the fruitful realisation of the Framework Programme. The cooperation is prepared and implemented by taking coherently into consideration the cross-cutting themes in the Finnish development policy.

In order to cope with the difficult development challenges, the Western Balkan countries need economic and technical support from the international community. Within the Framework Programme, 38 million euros is planned to be used for the Finnish development cooperation in the region in 2009–2013.

Paavo Väyrynen
Minister for Foreign Trade and Development



1

Western Balkans: From reconstruction towards the European Union

The Western Balkans is a designation used, in particular, within the European Union (EU) for the region encompassing Albania, Bosnia and Herzegovina, Kosovo, Croatia, Macedonia, Montenegro, and Serbia. With the exception of Albania, all of the above-mentioned were formerly part of the Socialist Federal Republic of Yugoslavia, which dissolved in 1991. The disintegration led to a war that ended in 1995, having affected mainly Bosnia and Herzegovina, Croatia, Montenegro and Serbia. Kosovo became independent from Serbia in 2008, before which there had been an internal ethnical conflict in the province towards the end of the 1990s, followed by a UN interim government in Kosovo. The Kosovo conflict was reflected in the neighbouring countries Macedonia and Albania.

Owing to the wars and conflicts, the region regressed socially and economically and clearly lagged behind the development in other parts of Europe, including integration with the European Union. The disintegration wars and conflicts have thus left their mark on the countries' mutual relationships, economies and societies.

The countries in the region are among the poorest in Europe, and they are lower or upper middle-income countries eligible for Official Development Assistance (ODA).

There are still numerous challenges to stability, security and development in the Western Balkans. Stability and security are associated especially with social sustainability. Several

Western Balkan states are internally fragile and their administrative capacity varies. The situation is particularly unstable in Kosovo, whose international legal status is disputed. It is also the poorest of the region's countries. The rooting of reforms and national reconciliation requires time. In many of the countries, the main worries include building the state and institutions, and strengthening governance. Central problems relating to social sustainability occur in numerous sectors of society, and they are intertwined.

The objective of the European Union and the rest of the international community with respect to the Western Balkans is to support the stability and security of the region and its EU integration. In 1999, the European Union launched a Stabilisation and Association Process (SAP), whose central elements are the reconstruction and stabilisation of the region, followed by EU rapprochement. This is supported with considerable economic assistance. Since 2007 the countries have received preparatory assistance for EU integration via the Commission's Instrument for Pre-accession Assistance (IPA). European Union funding has been used, among other things, to improve the countries' infrastructure and institution building. Part of the funding has been directed to regional programmes.

Along with the Stabilisation and Association Process, all of the countries in the area are potential EU member candidates. All Western Balkan countries thus have EU membership as



*Area of Dragash municipality in Kosovo, where Finnish cooperation aims at sustainable development.
Photo: Maria Kankkunen.*

their objective. The European Union has conducted membership negotiations with Croatia since 2005. Macedonia has been a candidate country since 2005. Montenegro submitted its application for EU membership in December 2008 and Albania in April 2009. The others are expected to follow suit. In October 2009 the Commission published a report on the relations between the EU and Kosovo.

In their security policy the Western Balkan countries resort to membership in the North Atlantic Treaty Organization (NATO) or to NATO Partnership for Peace. Croatia and Albania have proceeded farthest: they became NATO members in April 2009.

The Western Balkan economies are small. Regarding economic sustainability, it is especially important that the countries switch to a functioning market economy in an efficient and successful manner. Enhancement of employment and education is a central devel-

opment policy objective in all of the countries in the area.

Among the challenges to ecological sustainability, the cross-border challenges that affect the state of the environment can be mentioned, such as protection and use of water bodies, conservation of biodiversity, and illegal logging of forests. Coping with the challenges requires the participation of local communities in solving the problems. Actions in the environmental sector can contribute to economic growth, reduction of poverty, regional cooperation and safety.

The countries and their status of development are compared in the table in Appendix 1.

Finland has supported the Western Balkans' regional stability and security and EU integration comprehensively by means of foreign and security policy measures, including military and civilian crisis management, economic and commercial activities, and development cooperation.

2

Framework Programme for the Western Balkans

2.1 Framework Programme based on Finland's Development Policy Programme

The Framework Programme steers the implementation of the Finnish development policy and development cooperation in the Western Balkans until 2013. It is based on the Government's Development Policy Programme of 2007.

The Development Policy Programme lists Kosovo and Bosnia and Herzegovina among partner countries recovering from violent crises, where Finland focuses on supporting crisis resolution and stabilising conditions. In crisis areas and countries Finland works in close cooperation with the European Union, other multilateral actors and bilateral donors.

According to the Development Policy Programme the starting point for regional cooperation involves a distinct sectoral focus and objectives that support regional integration. Furthermore, the activities are based on a distinctly regional, cross-border approach. Finland operates in close collaboration with regional organisations and multilateral actors. Via regional cooperation Finland can carry out thematic cooperation and thus seek effectiveness and results by specialising in cooperation in areas where Finland can offer particular competency.

The Framework Programme emphasises economically, socially and ecologically sustainable development.

2.2 Thematic priorities of the Framework Programme

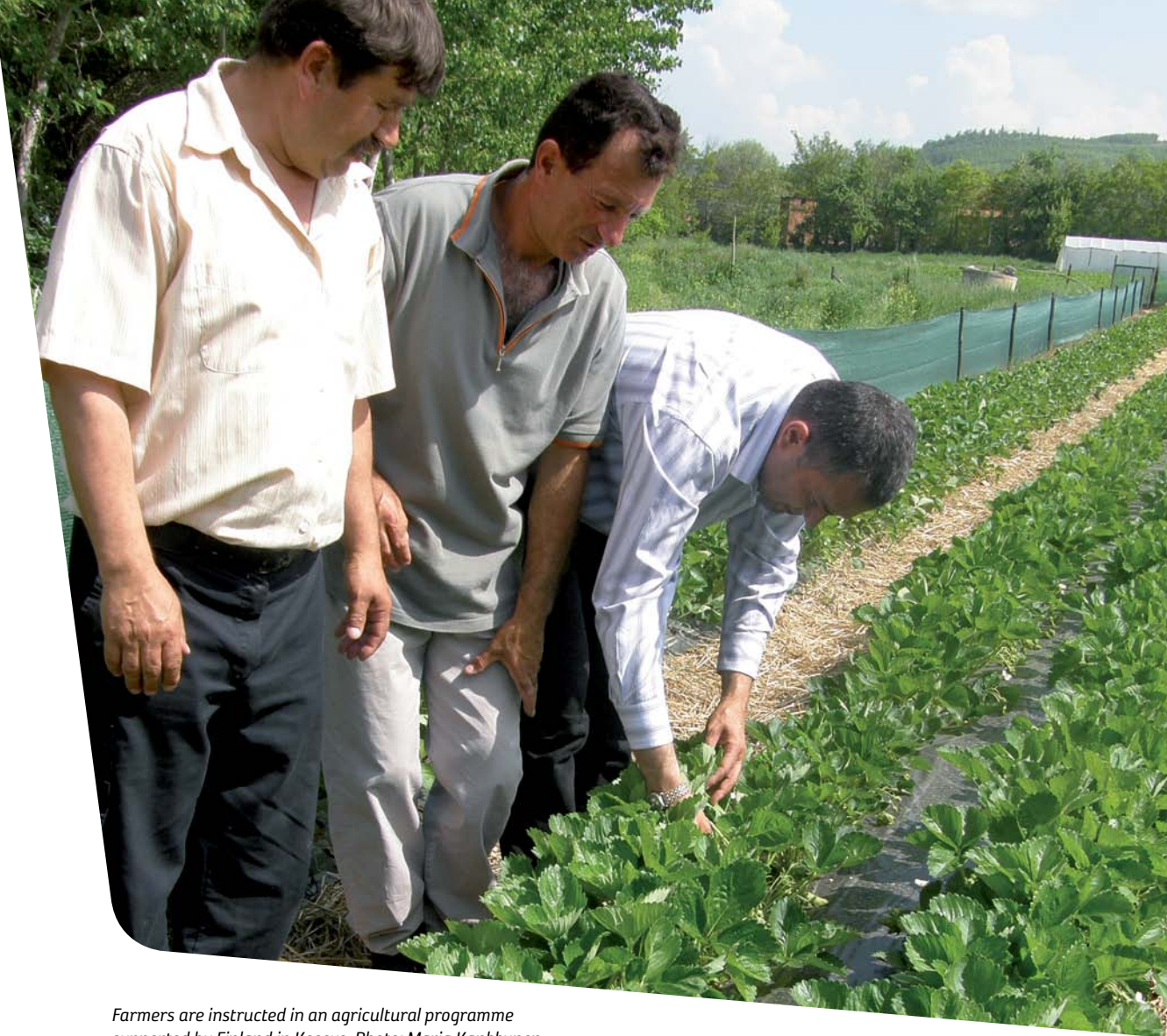
Based on Finland's Development Policy Programme, the challenges in the Western Balkans and the added value offered by Finland, the Framework Programme is built around the following, interlinked themes:

1. Stability and security
2. Aid for Trade
3. Environment
4. Social sustainability

The first theme, stability and security, focuses on Kosovo, where the situation is the most unstable of the Western Balkan countries. The overall development of the country improves the stability of the whole region. Finland promotes stability and security by supporting intercommunication between the countries. Furthermore, Finland supports cooperation related to the environment and security, and security and development.

Within the theme of Aid for Trade, Finland aims at enhancing investment in the Western Balkans, which will increase the production capacity of the countries in the region. Finland also allocates support to economic development especially in rural areas, and to employment and improvement of the business environment.

The environmental sector is a priority of the Finnish regional cooperation in the West-



Farmers are instructed in an agricultural programme supported by Finland in Kosovo. Photo: Maria Kankkunen.

ern Balkans, where the countries are small and the same environmental issues concern several states. Cooperation and communication in concrete environmental issues can bring the countries closer to each other and build confidence between them, thus contributing to regional stability. The Finnish cooperation is targeted at nature conservation, education for sustainable development and forestry education, among other things.

Social sustainability is a central development challenge in all Western Balkan countries. The theme comprises the promotion of good governance, the rule of law, democracy, civil society, equality, human rights and minority rights, and combating corruption and organised crime. Social sustainability is closely related with the other themes of the Framework Programme.

3

Principles guiding the implementation of the Framework Programme

The implementation of Finland's Framework Programme for the Western Balkans is guided by the following principles:

- coherence
- complementarity
- effectiveness

In addition, the cooperation is prepared and implemented by systematically taking into account the cross-cutting themes of Finland's development policy, such as the promotion of gender and social equality, the promotion of the rights and equal participation opportunities for easily marginalised groups, and combating HIV/AIDS. Within development cooperation Finland emphasises the importance of the impact assessments on the environment, people and gender as a prerequisite for activities that support balanced development.

With respect to the Western Balkans, the principles mean, among other things, the aspects presented below.

3.1 Coherence

Since 1999, Finland, like many other donor countries, has carried out bilateral development cooperation in the Western Balkans. Finland has focused on Kosovo and Bosnia and Herzegovina. Finland has also supported some inter-governmental projects and projects of international organisations, Finnish non-governmental organ-

isations (NGO) and local organisations in Serbia, Macedonia, Montenegro and Albania. Moreover, Finland has financed regional cooperation.

The Framework Programme takes into consideration the experience gained from previous cooperation. Kosovo remains the country-specific priority in Finnish development cooperation. In the other Western Balkan countries, Finland carries out bilateral cooperation mainly through the embassies' Fund for Local Cooperation (FLC), the Institutional Cooperation Instrument (ICI) and projects of Finnish NGOs.

In addition to the country-specific cooperation, the Western Balkan countries are included in the regional cooperation supported by Finland. Finnish support is also channelled to the countries in the region through multilateral cooperation.

3.2 Complementarity

With respect to complementarity, Finland pays special attention to the IPA and other programmes of the European Commission. The Commission and international financing institutions fund, among other things, large investment projects both in various countries and regionally. With a view to complementarity and effectiveness, Finland participates in close collaboration and coordination with other donors and governments in the IPA countries. The Finnish cooperation complements the entire donor system.

In accordance with the Development Policy Programme, Finland concentrates resources by reducing the number of projects and increasing their size. Finland also makes more efficient use of resources by improving the division of labour and involving the diplomatic missions in the monitoring of cooperation more strongly than at present. Finland has committed herself to the implementation of the Paris Declaration and the Accra Agenda for Action in order to enhance the success and effectiveness of aid.

3.3 Effectiveness

Finland emphasises the partner countries' ownership of their own development, and of the development cooperation that supports it, as the basis for the effectiveness of aid. The achievement of sustainable results requires, as a basic condition, that the governments and citizens of the partner countries have a distinct will to develop and commit to cooperation and the necessary reforms. Ownership also presupposes that the donors align with the development policy priorities of the partner countries.

In order to enhance the effectiveness of cooperation, Finland directs her support to those sec-

Kosovo – Finland's country-specific priority in the Western Balkans

Finland has been a significant player in the Kosovo diplomacy since 1999. Kosovo declared independence on 17 February 2008, on the basis of a plan drafted under the leadership of Martti Ahtisaari, UN Special Representative and former President of Finland. Finland recognised Kosovo on 7 March 2008.

Besides diplomatic activity and military and civilian crisis management, Finland also applies development policy means to comprehensively support Kosovo's independence and the implementation of the Ahtisaari Plan, which forms the foundation for the development plans of the Government of Kosovo.

As the social situation in Kosovo is fragile, Finland implements primarily cooperation that promotes stability and security, economic development and social sustainability. Cooperation is directed in particular to the local level. Information about the projects in Kosovo is given in Appendix 2.

At the Kosovo Donors Conference in 2008, Finland pledged to support Kosovo with EUR 16 million during the period 2008–2011. The receiver of the largest assistance from Finland is the Sustainable Employment Development Policy Program (SEDPP), supported

through a multi-donor trust fund administered by the World Bank. Unemployment is Kosovo's greatest developmental problem. It is especially severe among the young, who make up half of the population. In order to improve the employment situation it is necessary to enhance the quality of education, and the programme also contributes to education sector reform.

There is a large and varied group of donors and other international actors present in Kosovo, so the need to coordinate cooperation activities is particularly great.

The European Union is the largest donor for Kosovo. Since 1999 the Union has granted the country nearly 3 billion euros in support. The Commission's share of the support is about 2 billion euros, and the remainder has come from Member States. The IPA programme totals about EUR 106 million for the year 2009, but the amount will decrease to the annual level of EUR 67–70 million in 2010–2012.

Kosovo's share in the disbursement schedule of the Finnish Framework Programme in 2009–2013 is about EUR 15 million, or 40%.



Regional cooperation focuses on the environment. Finland supports, among other things, the development of environmental education. Photo: REC Grants Archive.

tors in which she can contribute added value to the countries' development efforts; added value that is based on her own historical development and Finnish expertise. Regarding the themes that have become the priorities in the Framework Programme, Finland can provide strong expertise. In addition to bilateral cooperation, Finland encourages Finnish experts and enterprises to participate in the programmes of the European Union, the European Bank for Reconstruction and Development (EBRD), the World Bank, the United Nations, the Organization for Security and Cooperation in Europe (OSCE) and other actors.

It is also possible for Finnish organisations, in their cooperation with the Western Balkans, to utilise private-sector forms of support; one example is the Finnpartnership business partnership programme of Finnfund. The channels of the Centre for International Mobility (CIMO) are available for cooperation in higher education. The Institutional Cooperation Instrument (ICI) of the Ministry for Foreign Affairs, and the Institutional Cooperation Instrument for Higher

Education Institutions (HEI-ICI) can be utilised in cooperation between authorities in all the countries of the region, based on the specific needs of each country. Remarkable possibilities for cooperation between authorities are also provided by the EU funded Twinning projects. Finnish government institutions are encouraged to participate actively in the competitive bidding procedures related to the projects.

In addition to public administration and private sector organisations, NGOs are important partners in the implementation of the Framework Programme in the Western Balkan countries.

Finland's representatives review the realisation and effectiveness of the cooperation as part of the regular dialogue with the representatives of the countries and other partners in the region, as well as during specific monitoring and assessment visits. The regular dialogue and meetings enable Finland to strengthen the partnership with the countries and influence constructively the development of cooperation.

4

Implementation of the Framework Programme

The Framework Programme for the Western Balkans is for a fixed period, covering the years 2009–2013. The volume of the entire Programme is EUR 38 million.

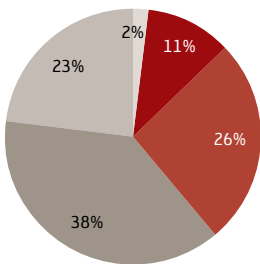
The Programme comprises both ongoing and new cooperation. The identification and preparation of new cooperation is scheduled mainly for the period 2009–2011. The embassies play an essential role in preparing the cooperation in the countries within the areas of their responsibility. New projects and forms of cooperation focus particularly on the themes of aid for trade and environment. They are targeted at the latter half of the planning period.

For preparing the cooperation, the Ministry for Foreign Affairs will have consultations with the representatives of the countries in the region, cooperation partners, Finnish embassies, and stakeholders in Finland.

Finland carries out the Framework Programme for the Western Balkans by entering into strategic partnerships with Finnish, international, regional and local actors.

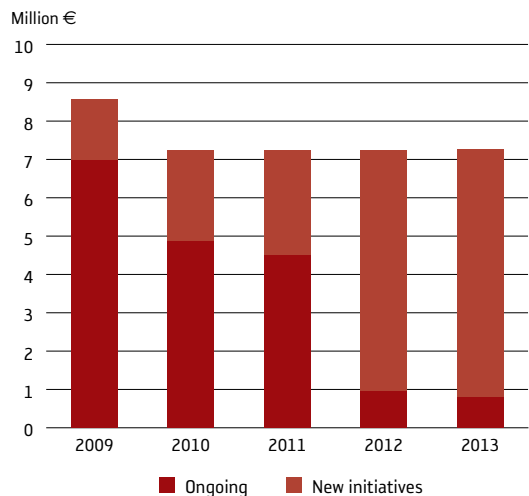
Implementation of the Framework Programme is coordinated by the Unit for EU Enlargement and Western Balkans, a regional unit of the Ministry for Foreign Affairs. The Ministry monitors the implementation of the

Framework Programme disbursements in total



| | |
|-------------------------|--------------|
| Stability and security | € 4,222,000 |
| Aid for Trade | € 9,850,000 |
| Environment | € 14,302,000 |
| Social sustainability | € 8,560,000 |
| Planning of cooperation | € 631,000 |

Western Balkan project commitments





The roof for a new school is being built in a small project assisted by Finnish peacekeepers. Photo: Archives of the Finnish crisis management troops in Kosovo.

Programme together with the embassies. In the Western Balkans, Finland has embassies in Serbia, Croatia and Kosovo. Albania is under the responsibility of the Finnish Embassy in Athens. Bosnia and Herzegovina, Macedonia, and Montenegro are under the responsibility of a roving ambassador accredited from Helsinki. The Ministry intends to review and update the Programme in 2012 in relation to the development that has taken place in the region.

The implementation of the programme becomes concrete by way of projects and other forms of cooperation under the different themes. One project often contains elements related to several themes.

4.1 Stability and security

The country-specific priority within the theme of stability and security is Kosovo, whose development will enhance the stability of the whole region. Finland finances, among other things, small projects assisted by Finnish peacekeepers as a form of civil-military cooperation (CIMIC) activities, and supports the resettlement of the Kosovo Protection Corps (KPC). Stability and security are closely related with the theme of social sustainability.

A new regional cooperation partner is the ENVSEC (Environment and Security) consortium. The consortium consists of the UN Envi-



*Finland participated in the EBRD's Western Balkans Fund for the development of the region's infrastructure.
Photo: EBRD.*

ronment Programme (UNEP), the UN Economic Commission for Europe (UNECE), the UN Development Programme (UNDP), the Organization for Security and Cooperation in Europe (OSCE), the Regional Environmental Center (REC), and NATO (as an observer).

As a new form of action Finland supports Finnish research institutions' cooperation activities in the field of security and development with a view to enhancing the capacity of their counterparts in the Western Balkans.

Regarding the new initiatives, Finland has the intention to prepare and launch coopera-

tion with ENVSEC and research cooperation during 2009. The cooperation with ENVSEC is expected to cover the entire planning period. In the field of research, Finland prepares to support cooperation, at least initially, for two years.

The disbursements for the cooperation under the theme of stability and security are estimated to total about 4 million euros during the planning period. Of this, new initiatives account for nearly 3 million euros.

4.2 Aid for Trade

Under the theme Aid for Trade, Finland's principal partner in the region is the EBRD. Finland financed the EBRD's Western Balkans Fund, which was used to finance technical assistance for the bank's investment projects. In addition to municipal infrastructure and transport projects, the Fund was utilised to support the development of institutions, tourism and the financing sector, the legislation pertaining to the transition to a market economy, micro-credits, and the strengthening of local business and entrepreneurship.

A new cooperation initiative is the Western Balkans Investment Framework (WBIF), jointly created by the European Union, the EBRD, the European Investment Bank (EIB) and the Council of Europe Development Bank (CEB). The Investment Framework is to be implemented by the year 2010. Finland actively follows the progress of the initiative and is prepared to participate in financing it to promote infrastructure and other investments. The Finnish funding will most likely be channelled via the EBRD.

It is hoped that the development of the transition economy and of the private sector will also increase the commercial attractiveness of the region in Finland and create prerequisites for the expansion of Finnish Aid for Trade cooperation. Finnish private sector actors are encouraged to pay attention to international competitive biddings in the Western Balkans.

In Kosovo, Finland provides considerable support to the development of the business environment and economic activities, through a multi-donor trust fund administered by the World Bank for the Sustainable Employment Development Policy Program (SEDPP). Finland also allocates support to the local level and, in particular, to rural areas for the development of economic activities and production.

Trade and development may also be supported in the other Western Balkans countries bilaterally through, for instance, the Finnpartnership programme and the ICI cooperation.

As a new initiative Finland will explore possibilities for bilateral cooperation in Serbia and Albania. The two countries are also involved in regional programmes supported by Finland. Ser-

Finland's cooperation with the European Bank for Reconstruction and Development (EBRD)

Finland provided funding for the EBRD for a long time. In the Western Balkans, Finland supported the financing of investment projects by contributing to the EBRD's Western Balkans Fund. Finland participated in the setting up of this technical assistance fund in 2006 and contributed EUR 500,000 to it.

The Western Balkans Fund was established in collaboration with other contributors to enable the EBRD to mobilise and coordinate better than before the support allocated to the region. The Fund was

supported by 16 states with EUR 25 million in all, and it financed over 50 projects in the Western Balkans. The projects have concerned, among other things, basic services in the water, electricity, transport and communication sectors.

Via the EBRD's Western Balkans Fund, Finland also contributed to the strengthening of the private sector. The Fund granted guarantees for the financing of businesses, supported the creation of new businesses and promoted the activities of female entrepreneurs.



*Greengrocer in Serbia. Rural development can contribute to improving employment.
Photo: Matti Remes*

bia is the highest developed country in the Western Balkans and naturally suited for the thematic cooperation in the field of Aid for Trade.

Albania is among the poorest countries in the region, and therefore it would be sensible for Finland to support development which advances production activities in the private sector and economic growth. Finland intends to determine the focus and preconditions for cooperation in more detail once the new government has commenced its work after the elections in 2009.

Among the new initiatives, Finland's support to WBIF/EBRD for investments in the Western Balkans is scheduled towards the end of the planning period, 2012–2013. In Kosovo, Finland intends to identify, in collaboration with authorities and other partners, a project supporting local production, to be launched in 2010 and to continue until the end of the planning period. Cooperation with Serbia and Albania is to be identified and prepared together with authorities and other partners during 2009–2010 so that the actual implementation could take place in 2010–2013.

EBRD Case: Financing of the water sector in Montenegro

Tourism is the fastest-growing economic sector in Montenegro, but unreliable water resources, especially in the summer, prevent Montenegro from developing as a tourism destination and from attracting the interest of international investors.

The EBRD has lent EUR 15 million to Montenegro for the construction of a water supply system from Skadar, the largest lake in the Balkans, to the tourist resorts on the coast.

Finland contributed to the water project via the EBRD's Western Balkans Fund. The Fund granted financing to project purchases and monitoring.

The funding of infrastructure projects is particularly important, as they are too expensive for governments to finance alone. The lack of private investors is also a problem.

A better and more advanced infrastructure in the Western Balkans is a prerequisite for economic growth at the national level, as well as for regional cooperation and trade.

The disbursements for the cooperation under the theme of Aid for Trade are estimated to total about 10 million euros during the planning period. Of this, new initiatives account for about 7 million euros.

4.3 Environment

The environmental sector and forestry constitute a priority of the Finnish regional cooperation in the Western Balkans. Finland has international inter-governmental and non-governmental organisations as strategic partners.

Finland's main partners include the Regional Environmental Centre (REC) within regional environmental cooperation and the European Forest Institute (EFI) within the forestry sector.

Environmental cooperation is also possible with specific countries, for example in collaboration with international organisations or by utilising the FLC and ICI instruments. In Kosovo, Finland supports the UNDP's sustainable development project in Dragash munici-

pality. In the forestry sector in Serbia, Finland finances a support project implemented by the Food and Agriculture Organization of the United Nations (FAO).

Concerning new initiatives Finland will support the actual implementation phase (2010–2013) of the sustainable development project in Dragash. Regional environmental cooperation is planned to be continued in 2012–2013 when the ongoing commitments have expired.

The disbursements for the cooperation under the theme of the environment are estimated to total about 14 million euros during the planning period. Of this, new initiatives account for about 4 million euros.

4.4 Social sustainability

Under the theme of social sustainability, Finland focuses on Kosovo, where the situation is the most fragile. Special attention is given to development at the local level. In that area the various components of social sustainability

are usually intertwined and also include elements related to economic activities and the environment.

As regards good governance, the improvement of public financial management is one of the main components in the SEDPP programme administered by the World Bank. The programme also contributes to the reform of the education sector, which Finland continues to participate in. As education services are produced mainly by local governments, the cooperation will also strengthen the municipalities and the process of decentralisation, which is an essential part of the implementation of the Ahtisaari Plan. Finnish special expertise in the field of special needs education continues to be

utilised. Plans have also been made for cooperation in teacher education. In both cases the University of Jyväskylä has been the Finnish partner and the University of Pristina and the Ministry of Education the partners from Kosovo.

Furthermore, Finland supports the local government reform, the rights of ethnic minorities, youth activities and the development of civil society as well as the rights of people with disabilities and other easily marginalised groups.

Finland promotes the various components of social sustainability also in other Western Balkan countries. In Bosnia and Herzegovina, a Finnish supported project for the development of disability policy came to an end in autumn 2009. In Albania, Finland has cooperated with,

The environment – a priority of Finland's regional cooperation in the Western Balkans

Finland carries out significant regional cooperation in the environmental sector in the Western Balkans. Environmental issues are particularly suited for regional cooperation, since they cross national borders. Addressing common challenges promotes dialogue and creates stability in the region. Through the environment it is also possible to contribute to economic growth and the reduction of poverty.

One of Finland's main partners is the Regional Environmental Centre (REC), which is implementing a programme on education for sustainable development in the Drina river basin area in Bosnia and Herzegovina, Montenegro and Serbia.

With the European Forest Institute (EFI), Finland continues regional cooperation to strengthen forestry education in university faculties of forestry. The EFI is also a potential partner for country-specific forestry cooperation.

Finland supports the environmental protection projects of two international NGOs in the West-

ern Balkans. The project of the European Centre for Nature Conservation (ECNC) is targeted at local-level action to conserve biodiversity and ecosystems. The project of the International Union for Conservation of Nature (IUCN) aims at developing transboundary protected areas along the Dinaric Arc.

After the expiry of the current commitments, environmental cooperation with other organisations can also be considered.

The environmental aspect is also involved in the regional cooperation concerning the environment and security, in regional and national investment projects and in projects concerning local development.

The regional environmental cooperation represents about 11 million euros, or 30%, of the disbursements under Finland's Framework Programme for the Western Balkans.



The summer programme of a Kosovan NGO, supported by the Finnish embassy in Pristina, focused on inclusive education. Photo: Lume Shala

among others, the OSCE in matters related to legislative drafting.

In bilateral country-specific cooperation with local NGOs the embassies can utilise the FLC instrument for the strengthening of civil society. The ICI instrument is available for cooperation between authorities to develop public administration. The Ministry for Foreign Affairs also supports the projects of Finnish NGOs. These instruments are well suited for supporting the preservation of cultural heritage and the promotion of cultural development, thus enhancing social sustainability.

Finnish authorities also have the opportunity to participate in public administration reforms

in the Western Balkan countries through Twinning projects funded by the European Union.

As a new initiative the Programme includes provision for regional human rights cooperation in 2009–2010. Cooperation in the field of education in Kosovo is planned to be continued in 2010–2013. Funding has preliminarily been allocated for possible ICI projects in the Western Balkan countries for 2012–2013.

The disbursements for the cooperation under the theme of social sustainability, including FLC, are estimated to total about 9 million euros during the planning period. Of this, new initiatives account for about 3 million euros.

Appendix 1. Western Balkan countries in comparison

| | Albania | Bosnia and Herzegovina | Kosovo | Croatia | Macedonia | Montenegro | Serbia |
|--|---------------|------------------------|--------------|---------------|---------------|---------------|---------------|
| Established | 28 Nov. 1912 | 1 March 1992 | 17 Feb. 2008 | 25 June 1991 | 8 Sept. 1991 | 3 June 2006 | 5 June 2006 |
| Population (million) | 3.64 | 4.61 | 1.8 | 4.49 | 2.07 | 0.67 | 7.38 |
| Area (sq. km) | 28,748 | 51,197 | 10,887 | 56,594 | 25,713 | 13,812 | 77,474 |
| Life expectancy | 77.96 | 78.5 | ... | 75.35 | 74.68 | ... | 73.9 |
| Urban population | 47% | 47% | ... | 57% | 67% | 60% | 52% |
| Unemployment | 12.50% | 29% | 40% | 14.80% | 34.50% | 14.70% | 18.80% |
| People living under the poverty line | 25% | 25% | 37% | 11% | 29.80% | 7% | 6.50% |
| Place in TI's corruption statistics * | 85 / 180 | 92 / 180 | ... | 62 / 180 | 72 / 180 | 85 / 180 | 85 / 180 |
| GNP (billion dollars) | 13.52 | 19.36 | 5 | 63.95 | 18.52 | 6.6 | 80.74 |
| GNP growth | 6.10% | 5.60% | 5.10% | 4.80% | 4.60% | 6.50% | 5.60% |
| GNP per capita (dollars) | 6,000 | 6,500 | 2,300 | 18,300 | 9,100 | 10,100 | 10,800 |
| GNP by sector | | | | | | | |
| agriculture | 20% | 10.2% | 20% | 7% | 11.4% | ... | 12.3% |
| industry | 15% | 23.9% | 20% | 31.6% | 27.2% | ... | 24.2% |
| service branches | 59.5% | 66% | 60% | 61.4% | 61.4% | ... | 63.5% |
| Exports/Imports (billion dollars) | 1.416 / 4.844 | 5.092 / 11.94 | 0.527 / 2.6 | 12.36 / 25.84 | 4.397 / 6.663 | 0.171 / 0.602 | 8.824 / 18.35 |

Source: CIA – The World Factbook. (Information updated in July 2009.)

* Source: Transparency International, 2008 Corruption Perceptions Index.

Appendix 2. Finnish development cooperation in the Western Balkans

| Project name / Partner | Country / Region | Years | Objective | Disbursements, € | |
|---|------------------|-----------|--|------------------|-------------------|
| | | | | Actual –2008 | Plan 2009–2013 |
| 1. Stability and Security | | | | | |
| Support for the Regional Cooperation Council (RCC) / RCC | Regional | 2008– | Improvement of cooperation between the countries of the region | 50,000 | 250,000 |
| Women's Safety and Security Initiative in Kosovo / UNDP | Kosovo | 2007–2009 | Enforcement of UN Security Council Resolution 1325 | 150,000 | 0 |
| Support for the KPC Resettlement Programme / UNDP, APPK, KFOR | Kosovo | 2008–2011 | Adaptation of former combatants to society | 500,000 | 0 |
| Small Projects (CIMIC) / Finnish KFOR troops (SKJK) | Kosovo | 2009–2011 | Reconstruction and improvement of employment | 332,000 | 1,297,000 |
| New initiatives: | | | | | |
| Cooperation in security and Development Research / research institutions | Regional | 2009–2010 | Enhancement of the capacity of the research sector | | 175,000 |
| Environment and Security / ENVSEC | Regional | 2009–2012 | Reduction of environmental security threats | | 2,500,000 |
| Stability and Security in total | | | | | 4,222,000 |

| Project name / Partner | Country / Region | Years | Objective | Disbursements, € | |
|---|------------------|-----------|---|------------------|-------------------|
| | | | | Actual –2008 | Plan 2009–2013 |
| 2. Aid for Trade | | | | | |
| EBRD Western Balkans Fund | Regional | 2006– | Development of investments and the private sector | 500,000 | 500,000 |
| Support Programme in Rural Areas / Finn Church Aid (FCA) | Kosovo, Serbia | 2008–2010 | Rural development | 400,000 | 800,000 |
| Sustainable Employment Development Policy Program (SEDPP) / World Bank | Kosovo | 2008–2011 | Development of employment and public financial management | 4,500,000 | 1,500,000 |
| New initiatives: | | | | | |
| Western Balkans Investment Framework (WBIF) / EBRD | Regional | 2012–2013 | Development of investments and the private sector | | 1,000,000 |
| Local Development | Kosovo | 2010–2013 | Development of local economic production | | 3,750,000 |
| Aid for Trade | Serbia | 2010–2013 | Improvement of economic production capacity | | 1,400,000 |
| Aid for Trade | Albania | 2010–2013 | Improvement of economic production capacity | | 900,000 |
| Aid for Trade in total | | | | | 9 850 000 |





Appendix 2. Finnish development cooperation in the Western Balkans

| Project name / Partner | Country / Region | Years | Objective | Disbursements, € | |
|--|--|-----------|--|------------------|-------------------|
| | | | | Actual -2008 | Plan 2009-2013 |
| 3. Environment | | | | | |
| Strengthening Capacities of Education and Training for Forest Policy and Economics Development in Western Balkan Region / EFI | Regional | 2004-2012 | Development of university-level forestry education | 3,043,000 | 3,145,000 |
| Regional Capacity Strengthening for Urban Development and Housing / UN Habitat | Regional | 2007-2009 | Development of urban planning | 200,000 | 0 |
| Biodiversity and Ecosystem Services / ECNC | Regional | 2008-2011 | Conservation of biodiversity | 291,000 | 1,069,000 |
| Sustainable Development in Transboundary Protected Areas / IUCN | Regional | 2009-2011 | Enhancement of nature conservation | | 1,640,000 |
| Education for Sustainable Development / REC | Bosnia and Herzegovina, Montenegro, Serbia | 2009-2013 | Development of environmental education | | 4,307,000 |
| Support for Sustainable Development in Dragash Municipality (preparation phase) / UNDP | Kosovo | 2009-2010 | Rural development | 500,000 | 256,000 |
| Support to Forestry Sector in Serbia / FAO | Serbia | 2004-2010 | Development of forestry policy and administration | 1,180,000 | 85,000 |
| New initiatives: | | | | | |
| Support for Sustainable Development in Dragash Municipality (implementation phase) / UNDP | Kosovo | 2010-2013 | Rural development | | 3,000,000 |
| Continued Cooperation in the Environmental Sector | Regional | 2012-2013 | Improvement of the state of the environment | | 800,000 |
| Environment in total | | | | | 14,302,000 |

| Project name / Partner | Country / Region | Years | Objective | Disbursements, € | |
|--|------------------------|-----------|---|------------------|------------------|
| | | | | Actual -2008 | Plan 2009–2013 |
| 4. Social Sustainability | | | | | |
| Support to Education Sector / FCG, JyU | Kosovo | 2003–2009 | Development of special needs education | 3,305,000 | 371,000 |
| Development of Youth Activities / Finnish Red Cross | Kosovo | 2008–2009 | Strengthening of civil society | 138,000 | 69,000 |
| Support for Decentralisation / ECMI | Kosovo | 2008–2011 | Local government reform | 150,000 | 279,000 |
| Development of Disability Policy / IBHI BIH | Bosnia and Herzegovina | 2006–2009 | Improvement of conditions for people with disability | 840,000 | 183,000 |
| Public Participation in Legislative Drafting / OSCE | Albania | 2004–2010 | Improvement of citizens' opportunities to exert influence | 105,000 | 0 |
| New initiatives: | | | | | |
| Continued Cooperation in the Field of Education | Kosovo | 2010–2013 | Education sector reform | | 1,799,000 |
| ICI Cooperation between Authorities | Various countries | 2012–2013 | Public sector development | | 1,000,000 |
| Human Rights Cooperation | Regional | 2009–2010 | Promotion of human rights | | 300,000 |
| Fund for Local Cooperation (FLC) | | | | Year 2008 | |
| Roving ambassador | Bosnia and Herzegovina | Annually | Strengthening of civil society | 24,000 | 216,000 |
| Roving ambassador | Macedonia | Annually | Strengthening of civil society | 40,000 | 210,000 |
| Roving ambassador | Montenegro | Annually | Strengthening of civil society | 39,000 | 191,000 |
| Embassy in Pristina | Kosovo | Annually | Strengthening of civil society | 259,000 | 1,530,000 |
| Embassy in Zagreb | Croatia | Annually | Strengthening of civil society | 122,000 | 928,000 |
| Embassy in Belgrade | Serbia | Annually | Strengthening of civil society | 154,000 | 1,000,000 |
| Embassy in Ankara | Turkey | Annually | Strengthening of civil society | 23,000 | 484,000 |
| Social Sustainability in total | | | | | 8,560,000 |





Appendix 2. Finnish development cooperation in the Western Balkans

| Project name / Partner | Country / Region | Years | Objective | Disbursements, € | |
|---|------------------|-----------|-------------------------------------|------------------|------------|
| Planning of cooperation | | | | | |
| Planning and Evaluation of the Cooperation in the Western Balkans | | 2008–2011 | Ensuring the quality of cooperation | 202,000 | 631,000 |
| All in total | | | | | 37,565,000 |

Finnish non-governmental organisations receiving project support in the Western Balkans through the Ministry for Foreign Affairs, Department for Development Policy, Unit for Non-Governmental Organizations:

Albania:

- Finnish Association of the Deaf (FAD) / Lobbying, organisational and interpreter training for the Albanian National Association of the Deaf (ANAD), 2009–2011
- FIDA International / Adaptation to society of female prisoners and victims of human trafficking, 2008–2010
- FIDA International / Community development programme, 2004–2010

Bosnia and Herzegovina:

- Cultural association Etnokult / 'Bridges to Balkan' project, 2006–2009
- Threshold Association (Kynnys ry) / Independent life and human rights for disabled people, 2009
- FIDA International / Community development programme in the Serbian Republic, 2006–2010
- FIDA International / Romany community development programme, 2004–2010
- FIDA International / Regional coordination and organisational development, 2004–2010
- Trade Union Solidarity Centre of Finland (SASK) / Commerce in Zenica, 1999–2010

Macedonia:

- Kalevi Sorsa Foundation / Integration and participation of minorities, 2008–2009

Kosovo:

- Finnish Association of the Deaf (FAD) / Organisational training and sign language development project in Kosovo, 2003–2011
- FIDA International / Youth centres in Mitrovica and Vushtrr, 2000–2010
- Trade Union Solidarity Centre of Finland (SASK) / Building of social dialogue in Kosovo, 2004–2009

Western Balkans civilian crisis management operations involving Finns

(in brackets: the number of Finnish experts sent to operations, status in autumn 2009)

- **EUPM** (European Union Police Mission), Bosnia and Herzegovina (7)
- **OHR/EUSR** (Office of the High Representative/EU Special Representative), Bosnia and Herzegovina (2)
- **OSCE**, Bosnia and Herzegovina (1)
- **EULEX** (European Union Rule of Law Mission), Kosovo (50)
- **OSCE**, Kosovo (2)

Operation expenses ca. **€5,000,000** (1.1.–30.9.2009). For the year 2008, the expenses totalled ca. €5,000,000, of which nearly 100% was reported as Official Development Assistance (ODA).

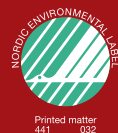
Appendix 3. Abbreviations

| | |
|-------------------|---|
| APPK | Agjensioni i Përkrahjes së Punësimit në Kosovë (Employment Promotion Agency in Kosovo) |
| CEB | Council of Europe Development Bank |
| CIMIC | Civil-Military Cooperation |
| EBRD | European Bank for Reconstruction and Development |
| ECMI | European Centre for Minority Issues |
| ECNC | European Centre for Nature Conservation |
| EFI | European Forest Institute |
| EIB | European Investment Bank |
| ENVSEC | Environment and Security |
| FAO | Food and Agriculture Organization of the United Nations |
| FCA | Finn Church Aid |
| FCG | Finnish Consulting Group |
| FLC | Fund for Local Cooperation |
| IBHI BIH | Independent Bureau for Humanitarian Issues |
| ICI | Institutional Cooperation Instrument |
| IPA | Instrument of Pre-Accession Assistance |
| IUCN | International Union for Conservation of Nature |
| JyU | University of Jyväskylä, Finland |
| KFOR | NATO Kosovo Force |
| KPC | Kosovo Protection Corps |
| ODA | Official Development Assistance |
| OSCE | Organization for Security and Cooperation in Europe |
| RCC | Regional Cooperation Council |
| REC | Regional Environmental Center for Central and Eastern Europe |
| SAP | Stabilization and Association Process |
| SEDPP | Sustainable Employment Development Policy Program |
| SKJK | Finnish crisis management troops in Kosovo |
| UN Habitat | United Nations Human Settlements Programme |
| UNDP | United Nations Development Programme |
| UNECE | United Nations Economic Commission for Europe |
| UNEP | United Nations Environment Programme |
| WBIF | Western Balkans Investment Framework |
| WBIF | Western Balkans Investment Framework |

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