TOWARDS A MORE JUST WORLD FREE OF POVERTY
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INTRODUCTION

THROUGH ITS DEVELOPMENT policy and development cooperation Finland participates in the collective efforts of humankind to reduce poverty and to safeguard sustainable development. These common efforts do make a difference: poverty has diminished. In relative terms, there are now fewer extremely poor people in the world than ever before. It is also in Finland’s own interests support this trend in the interest of ensuring that the global development is sustainable.

However, there is yet much to be done. There are still 1.1 billion people living in extreme poverty. Inequality both between and within countries has grown and development, from the standpoint of the environment, is unsustainable on many levels. When situations change it is important to be able to react in a multidimensional fashion by employing different policies and, when necessary, alter existing practises. The Government responded to this need in its Development Policy Programme (2012), where it brought human rights into focus.

The impact of development policy and development cooperation is seen at many levels. On the one hand, it encompasses concrete project results and, on the other hand, involves influencing international actors and long-term cooperation; this is the reason why Finland’s voice is being heard. A part of this impact entails Finland’s action in various fields, carried out in a manner which coherently supports sustainable development. The impact of Finland’s work is never isolated from developing countries’ own actions or from the work and support of other countries or actors.

The debate on strengthening the impact and coherence of Finland’s development policy is also extremely relevant from the global perspective. The United Nations (UN) is presently preparing a post-2015 Development Agenda. Its vision includes the eradication of extreme poverty from the face of the earth and securing sustainable development by 2030. Change and
action is expected from every country in the world as well as other actors in society, such as NGOs and the business and scientific community.

At the core of Finland’s development policy lies the belief that every person has the right to a good life: a viable environment, education, security, health and welfare, adequate income and the possibility to influence matters. The Government supports in particular development which promotes human rights, a democratic and accountable society, an inclusive green economy that promotes employment, the sustainable management of natural resources, environmental protection and human development.

Not even the economic recession could sway the citizen’s support for the Government’s development policy. According to the Ministry for Foreign Affairs’s survey in 2013, 80 per cent of Finns have a positive view of development cooperation. Thirty-one per cent of the respondents considered development cooperation “extremely important”, whereas the corresponding figure a year before was 28 per cent.

Interaction and cooperation between organisations, the business community, universities and institutions are at the core of Finland’s development policy and development cooperation. The Government will actively invest in the long-term activities that support the developing countries’ democratically established development goals and systems as well as human rights. Support to the poorest and most fragile states and groups of people as well as in results-based management, openness and risk management will continue. Equally important are policy coherence for development and sufficient resources earmarked for the activities that promote sustainable development.

In this Report the Government portrays the manner by which the agreed development policy programme-based actions generate results and includes some examples of these results, which are also illustrated through factboxes and information graphics.

What are Finland’s objectives and how does it expect to achieve them?

The priority areas of the Development Policy Programme (2012) are...

- A democratic and accountable society that promotes human rights
- An inclusive green economy that promotes employment
- The sustainable management of natural resources and environmental protection
- Human development

Finland’s working methods are...

- A human rights-based approach
- Democratic ownership
- Accountability
- Openness
- Effectiveness
- Coherence and concentration

The cross-cutting objectives in all of Finland’s development policies are...

- Climate sustainability
- Promotion of gender equality
- Reduction of inequality Poverty decreases through common efforts
CONTRARY TO POPULAR belief, poverty has radically declined in the world. In 1990, 40 per cent of the world’s population lived in extreme poverty. The most recent figure states that this number has gone down to 20 per cent. Even as the world’s population has grown, the share of poor people, even in numerical terms, has decreased. According to the UN, in 2010 there were 20 million fewer poor people than two decades earlier. The threshold for extreme poverty is USD 1.25 (approximately one Euro) per day and per person. However, the problem of poverty extends beyond low incomes alone. It is often the case that poverty results from unrealised basic rights.

In middle-income countries, such as China and India, the present rate of poverty is rapidly declining. Averages, however, are not the whole truth: inequality within countries is on the rise and hundreds of millions of people still live in extreme poverty, a large number of them in middle-income countries. The number of extremely poor people has increased in Africa, and the poorest of them have to eke out a living on approximately 50 Eurocents per day per person. Extreme poverty is concentrated in states torn by war or conflict, such as in the Democratic Republic of the Congo and Somalia. Conditions vary greatly country by country, and there is no silver bullet for reducing poverty.

The efforts expended for the reduction of poverty translate into a race against population growth. There are now 7.2 billion people in the world, whereas 20 years ago the corresponding number was 5.7 billion. Even though the number of children per woman is on the decline – even in the poorest countries – global population keeps growing because of the large number of child-bearing-aged women.

According to the UN forecast there will be 9.6 billion people in the world in 2050. After that, the population is projected to decline.

Then again, it deserves mentioning that the most ominous population forecasts, which projected a top figure of 15 billion people, have already been abandoned. The correlation between rising income levels and declining birth rates is perfectly clear: when women get more say regarding their lives and livelihoods, couples have fewer children. This holds true in Asian and African countries, too.

All development policies also encompass a race against climate change. In the everyday life of people in poor countries floods, tropical cyclones, rising sea levels and, in contrast, drought, weaken the already harsh living conditions. If people living in these areas do not receive support enabling them to prepare and adapt to climate change, humanitarian crises will only increase, and the pressure on people to leave their native homes will grow.

The world’s countries have set the goal of limiting the global temperature increase to 2 degrees, at the most. According to the most recent scientific estimate we are well on the way towards a rise of 3.7 degrees. In UN negotiations the aim is to agree on world-wide emission reductions and financing to support the poorest countries of the world. The objective is to sign the first universally binding climate treaty so that it enters into force in 2020. The aim is to agree on the content of the treaty during the autumn of 2015.

Poor countries need help in climate mitigation and adaptation. To survive the transition they need competence, information and opportunities for developing innovative and creative solutions. Investments in renewables and energy efficiency, flood barriers, new farm-
PROPORTION OF PEOPLE IN THE POPULATION WHOSE INCOME IS LESS THAN USD 1.25 A DAY

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<th>Region</th>
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Source: UNDP
ing practices or, for example, in cultivating drought-resistant cereal crops, require funding. The world’s ecological boundaries have already been crossed: climate change with its extreme meteorological phenomena in tow is real, the biodiversity of nature has suffered and the excessive use of nitrogen as a fertiliser has resulted in the eutrophication of water bodies. Development policy is an important instrument for Finland in rising to the challenge.

COMMON RESPONSIBILITY FOR HUMAN RIGHTS

The goal of development policy is to make itself redundant. Nonetheless, especially the least developed countries as well as fragile or conflict-ridden countries still desperately need international support. The aim is to reduce all developing countries’ dependency on aid.

First and foremost, the developing countries themselves hold the keys to progress. The state of their public administration, the rule of law and democracy, and policy choices, impact people’s well-being, the realisation of their rights and sustainable development. Human rights, democracy, the rule of law and good governance create an important ground for sustainable development. Poverty is not just about a shortage of income or lack of resources. Rather, it is a result of the fact that basic human rights have not been realised.

International human rights conventions determine minimum standards and goals for different areas of human life. Human rights encompass, among other things, the right to earn a livelihood, decent work, adequate housing, food, opportunities for education and

POPULATION IS GROWING AT A SLOWER RATE...

... BUT THERE ARE STILL MORE AND MORE PEOPLE
health services, access to clean water as well as the right to culture and one’s own language. With regard to the realisation of human rights, the responsibility of states entails, among other things, in providing education and basic health services. All peoples have the right for self-determination and, on the basis of this, freely strive to improve their conditions, within their available means. Governments bear the responsibility for the implementation of human rights commitments and for guaranteeing citizens’ basic and human rights, without discriminating against anyone because of their race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status. This, unfortunately, does not materialise in many countries.

Other countries, pursuant to the provisions of the UN Charter and human rights conventions, have the responsibility to promote the implementation and respect of human rights if, and when these rights do not materialise in some country for some reason. A number of international commitments obligate all countries to cooperate, share responsibility and strengthen states’ capacities in implementing human rights.

DEVELOPMENT COOPERATION IS ONE OF THE FACTORS THAT STIMULATES THE LOCAL ECONOMY

It is not the purpose of development cooperation funding to compensate for the income a partner country lacks. Rather, it means to boost the partner’s own economic and other activity. When the population is healthier and better educated, it can work, produce more and add more value, which may also raise the level of the public economy. Facilitating enterprise, work and livelihood, and a sustainable and predictable operating environment that depends on the rule of law are important means in generating sustainable well-being for people and society. Progress in a developing country’s economy reduces the need for foreign aid.

The Government’s development policy as a whole is human rights-based. Through international human rights conventions states have committed to respect, protect and implement the obligations included in these agreements. A human rights-based approach does not create any new obligations for partner countries. Rather, the purpose is to support the partner country’s national authorities and the local population in meeting the obligations of treaties that have previously entered into force. The human rights-based approach also means that development cooperation, per se, is carried out by respecting human rights. Central principles include equal opportunity, gender equality, non-discrimination, meaningful participation and accountability.

According to the principles adopted by the UN in 2011 corporations, too, have the responsibility to respect human rights in every country of their operation. Businesses must seek the means of respecting human rights in situations where demands are contradictory. Corporations must also exercise anticipation in identifying, preventing and fighting human rights violations.

In recent years political actors, both in industrialised and developing countries, have also begun to pay attention to the volume and quality of financing resources other than development cooperation from the standpoint of sustainable development. The other resources include, for example, increasing revenue achieved by improving a countries’ own taxation systems. In order for basic rights such as education and health to sustainably develop in the long term, developing countries need to increase their own tax revenue.

The share of development cooperation funds in relation to the financial transactions of
developing countries as a whole is relatively small. The combined value of international development cooperation totals approximately EUR 100 billion per year. Foreign investments represent financial flows to developing countries that far exceed the volume of development cooperation funds. In 2012 they totalled approximately USD 419 billion. In addition, revenue from foreign trade and loans are significant sources of income. Financial support wired by emigrant workers to their relatives in developing countries, alone, added up to approximately USD 325 billion in 2012.

Developing countries and emerging economies lose huge, and increasingly growing, sums of money, for example through aggressive tax hedging and tax evasion. It is estimated that the losses amount to approximately EUR 900 billion each year. According to an estimate of the Global Financial Integrity research centre illicit outflows from emerging economies and developing countries increased at an average rate of more than 10 per cent per year. Stemming the outflows is, to the greatest extent, a question of policy coherence.

Aid from abroad is feared to make its recipients passive, thus slowing down economic growth. However, an extensive study conducted by the UNU-WIDER institute shows that development cooperation has stimulated economic growth during the past 35 years. Fresh independent evaluations also indicate that support granted to a partner country’s own budget has been helpful in increasing financing, particularly, for those sectors that impact the status of the poor the most. Total funding for the education sector has grown in each country that has received budget support from Finland. On top of the support received from foreign donors the partner country has increased its own financing. Bilateral health care sector administration projects have noted the positive effects of better health and well-being on the country’s progress.

The share of development cooperation in the economy has not only decreased as a whole, but clearly in individual countries as well. Finland’s main partner countries Ethiopia, Kenya, Mozambique, Nepal, Zambia, Tanzania and Vietnam have been successful in decreasing the share of development cooperation funds in their national economies. For instance, while in Zambia the share of development cooperation of the GNI averaged around 26 per cent as late as the 1990s, it has now decreased to less than 10 per cent. In Nepal, during the same period the share diminished from 13 per cent to five per cent. Tanzania, our oldest partner country, will be rising from the cluster of the poorest nations in the coming years, becoming a middle-income developing country.

Nevertheless, prosperity is not evenly distributed in these countries; for example, one third of all Tanzanians, i.e. approximately 16 million people, still lives in extreme poverty.

International official development assistance represents a significant income and form of cooperation, especially to the least developed countries and the so-called fragile countries. To a large extent official development assistance funds make a difference, especially in those areas and sectors which find it most difficult to obtain any other forms of financing.

SUSTAINABLE USE OF NATURAL RESOURCES AND AN INCLUSIVE GREEN ECONOMY ARE IMPORTANT

Competition over finite and renewable natural resources is getting fiercer, both globally and locally. Most poor people in the world live in countries that have abundant natural resources. So far, however, they have not benefited from this on a large scale – it is often quite the
contrary. The concept ‘resource curse’ is used in this context.

Since governance mechanisms and other structures in developing countries are weak, the key questions related to development are: how to equitably share the benefits accrued from the utilisation of natural resources; what are the effects on the local economy; how to take care of the needs of local communities; and how do the principles of sustainable development materialise.

Land use and resource economy affect local human communities, livelihoods and culture. In recent years the debate on the rights of local communities has intensified across the globe. The topics include the right to participate in decision-making, just compensations, sharing of benefits and the responsibilities of the parties involved.

The risks associated with the use of natural resources involve any possible environmental degradation, changes in living conditions, legal disputes and corruption. Often the indigenous peoples and members of minorities have suffered the most. At worst, disagreements associated with the use of natural resources also spawn violence and conflicts.

Then again, by properly managing non-renewable natural resources it is possible to extensively reduce poverty and, at the same time, create the conditions for the comprehensive development of society and reduction of inequality. So long as natural resource management is transparent and coherent, businesses in different countries are better equipped to hold their own in the competition.

The UN has prepared guidance for the responsible governance of land tenure, fisheries and forests and other natural resources. According to the guidance local communities must be informed early on regarding the use of natural resources in their area and that it is important to obtain their consent for the projects. The UN supports developing countries in developing their natural resource management.

The extractive industry sees lucrative prospects for many developing countries, yet sustainable development presupposes that the social issues and environmental questions associated with the sector be solved. Finland has actively supported accountability of action, openness and transparency of businesses that operate in the natural resource sector, and participates in the international Extractive Industries Transparency Initiative (EITI), among other things. The EITI promotes cooperation between developing countries, businesses and the actors in civil society for the purpose of strengthening openness and accountability in the natural resources sector.

The liberalisation of international trade, by and large, advances the reduction of poverty. It is important to clear the way for products of developing countries to enter into the market. The liberalisation of international trade has also created a global job market. Production tends to migrate to countries where wages are low and regulations are relaxed, which creates jobs in those countries. That said, Finland imports products from low-wage countries whose production conditions do not meet the criteria for decent work or the environment. In accordance with the standards of the International Labour Organization (ILO) forced labour or child labour are not attributes of decent work. Workers must be given the freedom for association and the right to collective bargaining, they must be treated equally, and women and men should receive equal pay for work of equal value.

A green economy that reduces inequality, respects human rights and operates within the boundaries of the environment is a dimension of sustainable development. In 2012, looking back at the 20-year history of the United Nations Conference on Sustainable Development, the entire international community stated that one of the most important future challenges involves the transition to a green economy.
The right to clean water is achieved by more and more Ethiopians

The basis of Finland’s development policy is human rights, one of which is everyone’s right to clean water. The water programme carried out in Ethiopia, with support from Finland has made possible the making of over 8,600 water supply points and enabled access to clean water for more than 2 million people.

Finland has promoted local democracy through an operating model based on communal funding developed in water projects. Communities themselves are responsible for the management of funds, the procurements and implementation related to their water supply points. This has strengthened local ownership, while the projects have also strengthened the capacity of the Ethiopian Government to ensure the availability of clean water in rural areas. Ethiopia has also incorporated the operating model developed with Finland’s support into allocating its own budget appropriations.

Water projects supported by Finland also pay increasing attention to special groups, especially disabled persons. The projects have also been successful in diminishing the construction costs for pumping stations.

Development Policy is a central part of Finland’s foreign and security policy. Our goals include international stability, peace, security, the realisation of human rights, equity and sustainable development. Finland is committed to the UN Millennium Development Goals, the central one of which is halving the proportion of people living in extreme poverty by 2015.

According to the UN, this goal has already been achieved. The World Bank says that it is possible to reduce the share of extremely poor people to approximately three per cent by 2030. This requires considerable efforts and it is included as a post-2015 goal in the new strategy of the World Bank. The Finnish Government shares this view.
While the Government steers Finland’s development policy, many ministries have a role. However, the Ministry for Foreign Affairs bears the main responsibility for development policy. The concept of development policy must be taken in broad terms: it entails all policies that can reduce global poverty, realise basic rights and advance sustainable development and security. For example, the Ministry of Agriculture and Forestry takes food and nutrition security into account as part of the entity when it drafts Finland’s positions on the EU’s Common Agricultural Policy.

The Ministry of Social Affairs and Health, working together with the Ministry for Foreign Affairs, represents Finland’s policy in the WHO’s decision-making. In the sector of the Ministry of Employment and the Economy the topics associated with work, enterprise, innovations and trade are of global nature. The internationalisation strategy of Finnish education, research and innovation, prepared by the Ministry of Education and Culture, requires that universities conduct research to solve global problems and to improve the operational capacity of developing countries.

In 2014 Finland will appropriate more than EUR 1.15 billion for development cooperation and humanitarian assistance. This figure includes revenue from the emissions trade which the Government, in a ground-breaking manner even on the global scale, decided to earmark for development and climate financing during its term of office. Last year our appropriations came to approximately 0.56 per cent of GNI. The European Union is committed to the target level 0.7 per cent of GNI in 2015.

Finns represent less than one thousandth of the world’s population. In international development policy Finland’s actions outweigh its size. Together with the other Nordic countries and as a Member State of the European Union our influence extends far beyond the reach which a nation of five million could achieve alone.

Finland carries out government-to-government development cooperation, both multilaterally and bilaterally. Multilateralism translates into working through intergovernmental organisations and financing institutions. As per its programme, the Government has decisively increased the share of multilateral cooperation in its entirety. Through multilateral actors Finland can also support development in countries where we have no permanent representation. Bilateral cooperation with our long-term partner countries is normally implemented through Finland’s own actors, multilateral actors or joint programmes financed by several donors. The Government considers bilateral cooperation to be important from the perspectives of Finland’s relations with its partner countries as well as from that of interaction. Bilateral cooperation also highlights Finland and Finnish actors in the partner country.

Finland is known as a long-time promoter of gender equality, good governance, reduction of inequalities and human rights as well as a proponent of climate sustainability and the sustainable use of natural resources. The Government has advanced these topics in accordance with a human rights-based approach to development and the cross-cutting objectives in the Development Policy Programme (2012).

At this moment Finland is one of the major donors of, among other things, the UN organisation dedicated to gender equality (UN Women), the United Nations Population Fund (UNFPA), the United Nations Environment Programme (UNEP) and the UN Partnership on the Rights of Persons with Disabilities (UNPRPD). Finland actively promotes the rights of women and it has achieved, among other things, the inclusion of human rights-based thinking into the operating culture of the World Bank. Finland is a well-known and respected actor in the water sector, having actively promoted citizens’ right to water and highlighted the fact that women and minor-
CHANNELS AND RELATIVE SHARES FOR DEVELOPMENT ASSISTANCE FUNDS IN 2013

EUROPEAN UNION

EU budget | European Development Fund | Civilian crisis management

FINNFUND

Finnfund | Finnpartnership

NON-GOVERNMENTAL ORGANISATIONS

Finnish NGOs | International NGOs

DEVELOPMENT FINANCING INSTITUTIONS

Asian, African and InterAmerican Development Banks | World Bank Group | Nordic Development Fund

UN AGENCIES

UNDP | UNFPA | UNICEF | UNWOMEN | Other UN agencies

OTHER MULTILATERAL AGENCIES

GEF | Others

COUNTRY-SPECIFIC PROJECT FINANCING THROUGH AN INTERNATIONAL ORGANISATION

BILATERAL DEVELOPMENT COOPERATION

HUMANITARIAN ASSISTANCE

Multilateral organisations | Finnish NGOs

FUND FOR LOCAL COOPERATION

INTER-INSTITUTIONAL DEVELOPMENT COOPERATION

HIGHER EDUCATION INSTITUTIONS AND RESEARCH

OTHER DEVELOPMENT COOPERATION

Expenses for refugees | The Foreign Ministry’s administrative costs | Other

0 | 2 | 4 | 6 | 8 | 10 | 12 | 14 | 16

SHARE, PER CENT

SOURCE: THE FOREIGN MINISTRY’S FINANCIAL ACCOUNTS 2013
ities must be taken into account. Finland is currently the co-chair of the 41-member Good Humanitarian Donorship group. During its chairmanship Finland especially promotes the inclusion of disability-related and environmental approaches in humanitarian assistance.

The goals of the Government’s development policy include continuous learning and the improvement of activities. For this purpose Finland systematically commissions impartial reviews of its actions, and actively participates in international evaluations.

According to the OECD, the organisation for industrialised countries, Finland has distinguished itself, among other things, in respecting the developing countries’ own focus areas as well as in flexibility and results-orientatedness. Finland is widely regarded as a practical and responsible actor. Every four or five years the OECD publishes reviews regarding the policy areas of its member states. They are internationally renowned. In addition, the OECD’s reviews concerning development policy are carefully studied across the globe. The most recent OECD evaluation of Finland’s development policy and development cooperation occurred in 2012.

In its recommendations the OECD also provided critical feedback to Finland. Among other things, the organisation recommended that Finland enhance complementarity in its development policy, clarify its goals and set unambiguous indicators for it. Likewise the OECD recommended that Finland more coherently coordinate its different policy areas to support development. The recommendation on coherence especially pertained to the manner in which Finland influences EU policies, and to government coordination mechanisms. The Government actively has begun to carry out the recommendations. An interim evaluation of the process will occur during the summer of 2014.

Also other external operators evaluate development policy and development cooperation, both as a whole and via projects. The activities, being of a public nature, can also be freely assessed by citizens.

According to the meta-evaluation on the
effectiveness of Finland’s development cooperation, commissioned by the Ministry for Foreign Affairs in 2010, partner states and partner organisations have provided positive feedback to Finland. The analysis was based on 22 project analyses, which raised many kinds of improvement suggestions. Finland, through its action, has strengthened values such as equity and democracy, and succeeded in natural and constructive cooperation. The actors representing Finland have shown particular technical prowess, among other things, in the water sector, sustainable land use, meteorology, education, health care, administration and questions related to renewable energy. For example, Finnish actors possess special expertise in topics associated with persons with disabilities. Finland’s openness also draws praise: Finland commissions and publishes independent evaluations of the implementation of its development policy and makes known their results.

Finland’s role and input in achieving results in aid varies according to the instruments via which it is provided. In project cooperation, tapping into the expertise of businesses specialised in development cooperation, it is possible to immediately associate the results with Finland’s investments. Finland is quite often an actor within a larger context, or provides support through other actors. In such a context it is not always easy, or even appropriate, to identify the effects of Finland’s development policy. In such cases impact is monitored through more general indicators like access to education, improved access to health care services and the growth of tax revenue.

GLOBAL INFLUENCE IN POSITIONS OF TRUST AT INTERNATIONAL FINANCING INSTITUTIONS

International financing institutions, such as the World Bank and the African Development Bank, issue soft loans, support in the form of grants and technical assistance to developing countries. When Finland funds these financing institutions and cooperates with them, it provides development assistance on a global scale.

Decisions at international financing institutions are taken in country groups. In the World Bank Group Finland’s voting group is shared by the other Nordic and Baltic countries. In the African Development Bank Group Finland acts together with Norway, Sweden, Denmark and India. From 2013–2016 Finland bears the responsibility for coordination in both aforementioned Groups, representing them on the Executive Boards of the banks. This significantly contributes to our clout.

Finland has been actively involved while the Executive Board of the World Bank has been adopting the new World Bank Group Strategy, new energy guidelines and operational reform, aiming for even better results.

In the African Development Bank Group Finland was an important operator when the Bank took decisions on a new strategy for gender equality, and adopted human rights-based social and environmental principles. The African Development Bank Group has also prepared a Private Sector Development Strategy (2013–2017).
There are approximately 1.1 billion people living in extreme poverty. Still higher is the number of people whose rights are not materialised. Finland, as part of the international community, has committed to the goals of sustainable development, to safeguarding the realisation of human rights as well as to the agreed levels of public development financing and climate financing. Finland knows from experience what it is like to rise from being the poorest country in Europe to being a prosperous state as well as what it is like to be a recipient of development assistance. During the famine of the 1860s eight per cent of Finns perished from hunger. In the 1940s UNICEF helped feed one hundred thousand Finnish children. Finland took out its last development loan from the World Bank in 1975. Finland is eminently experienced in being an actor in development cooperation. State-run development cooperation took its first footsteps in the mid-1960s. Civil society actors had become active even earlier. Finland’s development policy is based on the obligations and goals of international treaties. It is also in Finland’s interest to advance sustainable development on earth. Combating global climate change benefits each citizen of the world at the local level. If we can help solve conflicts or manage crises in distant countries, fewer and fewer people will need to resettle because of adversity or by force. Stable and predictable conditions in as many a state as possible would benefit everyone. Finnish companies, too, benefit from good governance, anti-corruption activities and safe investment environments in their partner countries.

Why is Finland involved in development cooperation?
A FINNISH NGO THAT RECEIVED FINANCING IN 2013 FOR WORK IN THIS COUNTRY

IMPORTANT CITIES FOR MULTILATERAL DEVELOPMENT COOPERATION
2

FINLAND’S NEW APPROACH
THE DEVELOPMENT POLICY of this Government relies on the idea that people across the globe have equal rights, want to advance their own security and well-being as well as that of their community and, as far as possible, want to bear even greater responsibility. The Government does not regard people in developing countries as passive targets of aid. Rather, they are seen as active persons who take charge of their lives: they are people with rights and responsibilities.

A prerequisite for a life with dignity is, among other things, that people have adequate livelihoods, standards of living and food, rights to education as well as the right to appropriate health services and culture. They must also have the right to live in freedom, to express themselves, participate in society’s decision-making processes and enjoy the right to privacy. These diverse rights are called human rights, which every person in the world should have.

According to the Government Finland’s human rights-based development policy aims to activate people across the globe to act on behalf of their rights so as to be able to build a better society. In its development policy this Government, more so than its predecessors, has emphasised social development which promotes human rights, democratic and accountable social development, support to NGOs and human development, i.e. the social dimension of sustainable development. For example, the share of education has been and will be increased in Finland’s development cooperation. This is seen to strengthen the possibilities of reducing inequality.

In 2013 the Ministry for Foreign Affairs adopted guidelines for the implementation of a human rights-based approach in development policy. The guidelines emphasised that the capacity and accountability of partner countries’ authorities must be strengthened so that they can meet the expectations of their citizens and, on the other hand, fulfil their human rights obligations. Personnel training, improvement of instruments and instilling a human rights-based approach into the different sectors of development policy will continue.

Development policy which focuses on people and increasing the trust between them – just like increasing trust between citizens and their governments – is needed in all development cooperation, and particularly in countries torn by war and ravaged by conflict. In recent years, increasingly available information and, especially the Internet, have opened up new possibilities for the people of the world to establish contacts and to organise and network. The Internet played an important role in, for example, the chain of political upheavals known as the ‘Arab Spring’. That said, the margin of freedom in civil society has simultaneously become much narrower in many countries.
FINLAND ADVANCES THE HUMAN RIGHTS OF PERSONS WITH DISABILITIES

Equality and non-discrimination are the basic pillars of Finland’s human rights policy and development cooperation. Finland is a “small great power” in the world when it comes to promoting the human rights of disabled persons. During its term the Government has doubled the support earmarked for disability work, to EUR 10 million in 2013. We have encouraged the World Bank to include the disability perspective in all of its activities.

Finland was a key proponent in the establishment of the UNPRPD Multi-Partner Trust Fund. Many a year Finland has been the main donor of the mandate of the UN Special Rapporteur on Disability. Finland has supported, among other things, disabled Togolese children’s access to school, the rehabilitation of Mozambicans disabled by land mines, the planning of disabled-accessible schools and polling stations in Tunisia, the employment of disabled persons in Ukraine, and the drafting of disability policy programmes in Indonesia and South Africa.

In this work Finnish NGOs, especially disability organisations, are important partners to the Ministry for Foreign Affairs. Finland has received acclaim as a pioneer in including disability organisations in development cooperation. The Ministry for Foreign Affairs, together with these organisations, continues to further develop disability work.

Finland is also financing humanitarian demining projects by EUR 6 million in 2014. The goal of demining is to prevent accidents and injuries and to support the rehabilitation of already disabled persons, and to enable the return of the population to areas previously mined. Within the sphere of humanitarian actors Finland promotes an increasingly greater consideration of persons with disabilities.

MANY ACTORS WORK TOGETHER IN STRENGTHENING LEGALITY, RIGHTS AND GENDER EQUALITY IN KENYA

Kenya is in the midst of a massive societal reform. Yet, at the same time, concerns about its political environment are raised because of its attitude towards the International Criminal Court (ICC) and restrictions in the activities of its civil society and freedom of the press.

The reforms are based on the progressive and historic Constitution adopted in 2012. For the first time human rights and gender equality are defined, and power is delegated to regional governments, closer to the people. The implementation of the Constitution is still underway and requires further societal reforms, ownership by the Kenyan Government and support from donors. In particular, the development of regional government is a great challenge for Kenya.

The gender equality and good governance programme of UN Women, an organisation which Finland also supports, has strengthened the possibilities for women to participate in political and societal decision-
making. Women participated to a greater degree in the election of 2013. UN Women is seen to have been successful in its goal to prevent electoral violence and harassment against women.

The election of 2013 was the first organised under the new Constitution. Finland helped organised the election through, among other things, the United Nations Development Programme (UNDP). The election was more peaceful than previous ones and people voted more actively.

Multi-partnership that increases development effectiveness is on the rise in Kenya. In 2013 the EU Member States and the Kenyan authorities launched joint programming which aims at establishing a common strategy and shared programmes. In Kenya the EU, including its Member States, is an influential development partner because Kenya receives the lion’s share of its development assistance from the EU.

EVERYONE HAS THE RIGHT TO SOCIAL PROTECTION

In many developing countries the family or the village community provides the safety net for people because the state offers no social protection system to speak of.

Providing social protection to everyone in the world is an ambitious goal, the realisation of which requires global cooperation. Since 2010 Finland has actively supported the UN Social Protection Floors Initiative.

Ground-breaking information sharing, data management and networking has been achieved through Finnish expertise and co-financing. The International Labour Organization (ILO) and the World Bank have institutionalised this activity by establishing a permanent co-operation body, the Social Protection Inter-Agency Cooperation Board (SPIAC-B) on which Finland is a standing member and a key proponent.

Practical plans for developing social protection have been made with Finland’s support in Burundi, Ghana, Namibia, Niger and Sri Lanka, to name a few.

The Social Protection Expansion Programme of the government of Zambia has lifted countless extremely poor people up to a better life. The economy of Zambia has grown by almost 10 per cent a year in recent years, so the Government can afford to extend the national social protection system.

In the poorest areas vulnerable people selected by village councils have been nominated as recipients of social cash transfers. Single mothers, for instance, can use a smartcard to collect a monthly child-grant (EUR 10) from the village store. With that money they buy, for example, food, clothes, medicines, shoes and, bus tickets for the purpose of commuting to work.

Whereas the Government of Zambia was able finance the cash transfers from the regular government budget, the country has needed external financing for setting up the social protection system. Finland supported the programme with EUR 3.1 million in 2012–2013.
FINLAND SUPPORTS ITS PARTNERS’ LOCAL OWNERSHIP

Finland has sought concrete results and monitored their achievements as long as it has been engaged in development cooperation.

Over time, the nature and points of departure of this activity have changed along with increasing experience and insight into the effects of development cooperation. As recently as thirty years ago development cooperation was largely “aid” given in money, equipment, supplies and knowhow. Donors paid the most attention to their own performance in this activity, along with the immediate outputs. At times the effects were only short-lived. For example, when equipment was being delivered to a recipient, sufficient attention was not paid to details such as user training, maintenance and the developing country’s own financing responsibilities.

Attitudes have clearly changed. Finland, together with other countries, has embraced the idea that supporting a partner country’s local actors in jointly agreed development topics, prioritised by the partner, brings the best results.

While development policy will not solve the problems of the people of the world, it can help them find solutions to problems and provide support for their implementation. Assistance meant for a transformation process that is requested by local actors, and given at the right time and in the right manner, can be of critical importance.

Finland continuously updates its development cooperation practices. Some old practices have been altogether abandoned. Finland no longer provides the kind of assistance that requires purchasing Finnish products as this has been found to be detrimental to the developing country’s local production. The supply of Finnish companies’ products and services is available on normal market terms. Also, organisations that provide food relief purchase the products in the local market or otherwise near the recipients of aid, whenever feasible, to support local business. Expertise required in development cooperation is nowadays open to international competitive bidding. Finnish expertise fares well in this competition.

The sea of change in attitudes is also noticeable in the way measuring and monitoring the results of Finland’s development cooperation is done. In the early stages the only focus was on finding out whether the projects supported by Finland had been completed. Later the results and immediate effects became important. Nowadays, however, the spotlight is on studying the improvements in the everyday life of people in developing countries and Finland’s role in this.

The people in donor countries and partner countries alike are eager to see results. Taxpayers in donor countries are interested in the results achieved through their tax money; at the same time the citizens of partner countries, quite justifiably, challenge their leaders to explain how, and to the benefit of whom, the foreign resources received are being used.

Since the early 2000s industrialised countries, followed by developing countries, NGOs and businesses, have strengthened common practices through which they aim to achieve better results. The issues agreed at international conferences organised in Rome, Accra and Paris have significantly steered the working methods. Similar debates have ensued in the OECD’s Development Assistance Committee (DAC) and among the EU’s Member States. Finland has emphasised the agreed principles and objectives in improving effectiveness of development cooperation, and has actively pursued their implementation. In 2011 Finland committed to the principles adopted at the Busan High Level Forum on Aid Effectiveness, which matured from this dialogue. The Global Partnership High-Level Meeting organised in Mexico in April 2014 assessed the success achieved in the development of working methods thus far.
According to the principles agreed in Busan, development cooperation has the best possibilities to achieve results when
1) development cooperation is based on local need
2) both parties are fully committed
3) commonly agreed, clear and measurable goals are set
4) the local people participate in the activity
5) information related to the activity is easily available, and
6) the roles of all parties are clearly defined.

Developing countries have increasingly stronger roles in the setting of development goals. According to results-based thinking, all parties that support the given country through different means should form a community in which each individual donor participates in the development process led by the partner country. This highlights the importance of Finland’s foreign missions and a continuous dialogue with the partner country and other donors.

Furthermore, Finland wants to operate in a fashion that makes people in all countries aware of their rights and be capable of defending them. The partner country must develop good governance, able to provide its citizens with the right to education, water, sufficient nutrition and health as well as the basic conditions required by civil society. For this reason Finland aims to tap into a partner country’s local administration and monitoring systems, rather than participate in creating parallel systems.

Some countries which receive development funds from Finland receive the assistance in terms of money. The decision-makers in the
partner country decide how to use the money to strengthen the country’s own development programme through the normal budget cycle. The disbursement can be given in so-called general budget support or it can be earmarked for a certain sector. It may also be given in support of creating or bolstering the state’s structures. When Finland provides budget support, together with many other donors, it monitors the use of the money in collaboration with the country’s own auditors, engaging in a close dialogue with the partner country as regards achieving the development goals. In 2013 the share of budget support from all appropriations was three per cent.

In 2014 the Ministry for Foreign Affairs prepared new guidelines on budget support administration, based on the EU’s budget support guidelines. Independent, external evaluations show that budget support helps focus the state’s resources on important sectors as regards the reduction of poverty, such as education or road maintenance. It provides a key opportunity to comprehensively influence the situation in a partner country and to engage in political dialogue with the country’s leadership. Finland takes full advantage of the opportunities to be an important participant in the group of countries that provide budget support. An example of this is the chairmanship of the Budget Support Development Partners Group for Mozambique and, now, for Tanzania.

The Government believes that it is important that democracy strengthens in developing countries. It has increased support to actors which strengthen democracy. In 2013 the Ministry for Foreign Affairs drew up new development policy guidelines for democracy support. Recently, at several venues Finland has strengthened its relations with the civil societies of developing countries. The Government believes that the fact that citizens can act and participate in political debates and decision-making in their countries is of vital importance to the success of development policy as well.
WHAT ARE WE DOING TO IMPROVE RESULTS?

In 2011 the Ministry for Foreign Affairs commissioned an evaluation to assess the manner by which goals are defined and results are measured in Finland’s development cooperation, and how well this information had been put to use to improve the activities. According to the report there was room for improvement. The Ministry lacked a results-based policy to guide its development cooperation. While project planning was systematic, the strategic goals of the organisation, as a whole or country-specific, were neither sufficiently well-defined nor measurable. A more analytical approach was required for reporting. According to the evaluation the Ministry’s management culture was overly risk-averse, and the lessons from previous experiences had not necessarily been learned. As a result of this the Government took action, and the Ministry for Foreign Affairs prepared an action plan for 2013-2014 to promote results-orientation. The objective was to strengthen the Ministry’s working methods and structures by placing the expected results in developing countries at the core of all action.

Now, and in the future, the management, planning, implementation of, and reporting on development cooperation increasingly build on results-based thinking. In 2013 the objectives for the main partner countries were defined more specifically, and their materialisation is more closely and systematically monitored. The results are measured through predefined indicators and the results are actively used in improving the performance.

The Ministry updated the project management and evaluation guidebooks in 2012 and 2013 to support the new results-based thinking. Project management has been strengthened. The development of working methods will continue by utilising the lessons learned from practical experiences. Now the Ministry prepares annual reports on country-specific results; the first annual reports of
the new country programmes were completed in the spring of 2014. Even though results-orientedness has strengthened, it will take time and perseverance to transform organisational cultures and practices.

In 2013 the Ministry for Foreign Affairs prepared an analysis of the international organisations and financing institutions in which Finland participates as a member, participant and/or donor. These include, among others, UN Agencies and international financing institutions such as the World Bank. The underlying motivation for the analysis was to reduce aid fragmentation. As per the

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NGOS ARE RUNNING NEARLY 900 PROJECTS OF DIFFERENT SCOPE AND DURATION

The volume of financial assistance to NGOs translates to a little more than one tenth of all development assistance. The Ministry supports the NGOs’ projects in more than 90 countries.

Examples of the work of NGOs receiving programme support:

- **Solidarity**: Work combating the mutilation of girls’ genitals in Somaliland. The present goal of the project which began in 2007 is to improve the sexual health situation of women living in the regions of Togdheer and Sanaag. The aim is to change the attitudes of people living in the regions so that they oppose mutilation.
- **The Finnish NGO Foundation for Human Rights KIOS**: Support to the human rights movements in Burundi and Rwanda. The network project carried out during 2010-2013 had a positive effect, especially on the possibilities of the human rights movement and human rights defenders to be able to operate under the tightening grip of the government.

Examples of activities having received project support:

- **Finnish Psychologists for Social Responsibility**: Children’s mental health services at refugee camps in Southern Lebanon. The organisation, together with a local partner, helped set up family counselling clinics. These days more and more of their customers comprise children of families having fled Syria.
- **Political Parties of Finland for Democracy, Demo Finland**: Cooperation with the Joint Youth and Student Platform of Nepal. The organisations aim to improve the skills of thousands of youth politicians in peaceful dialogue and collaboration which crosses party lines, despite their conflicting political opinions.
- **Finnish Lung Health Association Filha**: The first phase of the lung health project which began in 2011, based on the invitation of the Kyrgyz people, was such a success that a follow-on project is already in the planning. The aim is to reduce smoking in Kyrgyzstan from 2014–2016. Resulting from this project, the neighbouring Tajiks asked Filha to implement a similar programme in their country. It will be carried out as a lung health project in 2012–2014.
The actors financed by Finland are, on the average, relatively effective. However, an actor-by-actor analysis also raised clear areas for improvement. On the grounds of the analysis the Ministry prepared influencing plans for the actors receiving the most funding; Finland now uses the plans to influence the activities of these organisations and financing institutions. The cooperation with each actor will focus on certain, limited, topics and priorities, such as promoting inclusive green economy, improving evaluation functions and increasing openness. They will be advanced systematically and strategically through, among other things, earmarked financial support. The Ministry continues to annually monitor the realisation of the influencing plans, including the results.

The Ministry has developed development cooperation training through a comprehensive training programme. Data systems, too, have been updated so as to be better able to monitor results. Information accrued from reports is organised and retained in such a manner that it can be more efficiently monitored and utilised in activity planning and decision-making. The work demands ICT system standardisation, which will be completed in phases. The end result will facilitate continuous learning for the organisation, and will also improve openness.

During the term of office of this Government financing decisions, among others, will be published on the Ministry for Foreign Affairs’s website (www.formin.finland.fi, Development policy-section) for all to see. Finland participates in promoting openness in development cooperation through the International Aid Transparency Initiative (IATI), and aims to further advance transparency in its own actions. When different partners’ development cooperation data are in standard, machine-readable format, it becomes easier to compare them.

While Finland has endeavoured to reduce the number of projects it participates in, it correspondingly aims to increase their extent because a concentration of resources has been shown to improve results. For instance, in Zambia the number of projects will be as much as halved by 2015. On the basis of an international evaluation it can be stated that long-term, established and sufficiently sizeable assistance brings better results. During the term of this Government the number or partners has also been reduced, both in multilateral and bilateral development cooperation.

The EU has also invested in results-based management. The EU’s ‘Agenda for Change’, which guides development policy and was updated in 2012, emphasises the strengthening of aid effectiveness and the promotion of human rights, democracy and good governance. By the same token it stresses inclusive and green growth.

Through the new Agenda it was agreed that the EU would concentrate its activities in each partner country “on a maximum of three sectors”. Finland, too, adopted this policy. Increased volume and share of EU aid will be concentrated in the countries most in need and where the EU can have a real impact. It was also agreed that at least 20 per cent of EU aid would continue in the form of support for human development, and that sustainable development in developing countries would be supported, for example, through investments in sustainable agriculture and energy. In comparison with the past, programming and associated planning were transferred to country-level EU delegations, which are obliged to consult the Member States and other donors to the maximum extent possible. Finland primarily participates in the EU’s programming processes through its foreign missions.

The Government believes that, in addition to coherence, it is also important to be able to react to new initiatives and changing situations with enough deftness. Therefore, financing must also be reserved for small and innovative, often risky, projects.
THE FORTE OF FINLAND’S DEVELOPMENT COOPERATION: A VERSATILE RANGE OF ACTORS

The Government believes that the work of Finnish NGOs, business actors, agencies and universities broadly operating at targets of their own choosing across the world can complement the concentration of the public sector work into larger entities. The significance of citizens, businesses, civil society’s non-state actors and citizens’ informal alliances and networks keeps growing in developing countries and in global development policy.

The Government has increased its support to Finnish NGOs. In 2013 such appropriations amounted to nearly EUR 108 million, and there were in all 887 ongoing projects in more than 90 countries. Furthermore, Finland supports international NGOs through an updated application process. Local and small NGO initiatives receive assistance from the so-called funds for local cooperation, administered by Finland’s foreign missions.

The organisations’ projects vary in terms of scope. Organisations that implement a long-term and programme-based approach receive multi-year support. The number of partner organisations has been increased. There are now sixteen of them. The support helps the organisations in the long-term implementation of larger projects. All organisations receiving support are required to operate in a systematic and results-oriented manner.

In 2013, the Ministry for Foreign Affairs granted an extra EUR 2.3 million to the development communication and globalisation education carried out by small and medium-sized

CLEAN ENERGY FROM WASTE THROUGH FINNFUND FINANCING

Finnfund, a state-owned development financing institution, finances business investments and provides risk venture capital to projects in developing countries and Russia. The capital of Finnfund is raised from development cooperation funds.

SaraRasa Biomass, the first industrial-size wood pellet plant in Indonesia was established in 2013. It makes pellets from agricultural biowaste. Finnfund participates in financing the project.

An estimated one hundred million tonnes of biowaste is created in Indonesian agriculture each year. Often it is incinerated or dumped in the sea where the waste decomposes, producing climate change-accelerating methane. Coal is being replaced with SaraRasa Biomass pellets to fuel power plants. The project has created hundreds of jobs in the poor, unemployment-plagued province of Riau.

The technology for pellet production came from Europe, but SaraRasa developed the pre-processing system itself. The company is showing how to turn waste into clean energy in an efficient and profitable manner. Its example has inspired many others; it is likely that Indonesia will make scores of similar investments in bio-energy production in the near future.
NGOs. The projects convey the message of global development challenges to the Finnish society, and provide the means through which Finns themselves can participate and act in advancing global fairness and development.

In addition to the state and NGOs, Finnish businesses are important actors. The development of a sustainable economy in developing countries is important from the perspective of people’s livelihoods, the national economy and public finances. In addition to business activities aimed at, or occurring within developing countries, companies of Finnish origin have also participated in the implementation of bilateral projects. Through the projects, information and knowhow have been transferred to the business field and governments of target countries.

The state-owned financing institution Finnfund advances developing countries’ economic and social development by financing accountable private enterprise in them. During the term of this Government Finnfund’s financing has been increased, and Finnfund now provides special risk financing which improves the opportunities for Finnish businesses to launch activities, for example, in so-called fragile states. The Finnish Business Partnership Programme Finnpartnership finances the expenses incurred by business partnership preparations between Finland and developing countries. During the term of this Government Finnpartnership was developed. Due to a revision, businesses can now also apply for support to professionally train their local workers.

The Ministry for Foreign Affairs and the

THE POOR ARE SUPPORTED IN BUILDING LATRINES

Access to clean drinking water is a right that belongs to everyone. However, hygienic latrines are also a means to effectively reduce illnesses and increase well-being. Among other things, a prerequisite for girls to attend school is often that there are also proper and safe latrines in schools for girls.

In Nepal and Ethiopia Finland has supported the introduction of innovative means in improving sanitation. For example, national awareness-raising campaigns have instilled a proper latrine culture. When people are informed about latrine hygiene, and its effects on health, they are able to take care of the surroundings in their communities and keep them cleaner and more health-promoting.

Finland, in close cooperation with UN Agencies, finances a multi-donor water partnership programme that acts in the water and sanitation sector in scores of countries. Finland’s support focuses on 12 countries in Africa, including Ethiopia, Kenya, Rwanda and Uganda. The project does not provide funds for latrine construction per se. Rather, it engages in campaigns and education so that even the poorest of the poor are able to build latrines from available materials.

Through the World Bank’s water and sanitation programme Finland participates in the development of the sector in twelve African countries. Hygiene plays an important role, especially in reducing child morbidity and mortality.
Ministry of Employment and the Economy, together with a large number of stakeholders, have further pondered how to improve the innovation and business activities intended for developing countries. The Finnish Funding Agency for Innovation Tekes, together with the Ministry for Foreign Affairs, is preparing a development innovation programme and a development innovation fund. Incentives for business activities, such as financing for the development phases of innovations, also require further consideration.

The sectors in which Finnish companies could advance development include security, crisis prevention and rebuilding, water management, the management of natural and water resources, sanitation, energy efficiency and cleantech, mobile technology solutions, health and education, and wood construction. The Government actively cooperates with businesses so as to generate innovations from combining the expertise of different sectors. For example, there are already several good examples found in the diverse amalgamations of education and ICT competence.

Universities and institutes, such as the Finnish Meteorological Institute and the Geological Survey of Finland, engage in cooperation, thereby making Finnish knowhow available to partners.

There is an ongoing evaluation regarding the instruments for university collaboration. Its results will be used to strengthen the impact and complementariness of assistance.

CLASSROOMS, SCHOOL DESKS AND TEACHER TRAINING IN MOZAMBIQUE

Finland supports the education sector in Mozambique together with six other states, UNICEF and the World Bank. Finland’s share to the Mozambican education sector’s budget fund, totalling EUR 110 million, has been seven million Euros per year in recent years. The share of the education sector in Mozambique’s state budget is approximately USD 1 billion.

Last year the fund paid for the construction of 1 000 new classrooms; the construction of 900 of them has started. In all 80 000 school desks were procured. Some teachers may be less than qualified; therefore the fund finances their continued education.

Donors, together with the Mozambican government, monitor results through three indicators: the number of girls and boys starting school; the proportion of teachers to pupils; and making progress in reading skills and arithmetic. Last year 77 per cent of the six-year old children (of which 74 per cent were girls) started school, and for every 63 pupils there was one teacher. The first results from the reading skills and arithmetic indicator come in 2014.

NGOs and universities complement the support given by Finland to the education sector of Mozambique. They collaborate with Mozambican education organisations and institutes of higher education, engaging in an active dialogue over the needs and development of the state education sector.
GETTING RESULTS IN THE LONG TERM

Development policy is unremitting work. The problems encountered in developing countries are often complex, have come about over a long period of time and have no fast solutions. The developing countries’ own political and economic decisions significantly affect the situation, and local focus areas and goals may vary for reasons of domestic policy. Perseverance and patience are necessary tools in this work.

Even though the realisation of results is continuously monitored, it is not normally possible to demonstrate them on the spot. However, monitoring is important so that it is possible to steer the activity as required by the situation and, when necessary, be able to change practices to achieve results. Suitable performance indicators are needed.

Internationally, 15 years is an oft-used time

Humanitarian assistance to those in distress

Humanitarian assistance is provided during emergencies. The cause may be an armed conflict, natural disaster or some other catastrophe. The need for assistance is identified by the UN system, the International Red Cross/Crescent or the local government.

The aim of Finland’s humanitarian assistance is to save lives, alleviate human suffering and maintain human dignity during and immediately after crises. Assistance is solely provided in response to need. It is never given for political, military or economic considerations. The Government updated its guideline concerning humanitarian assistance in 2012.

Finland’s humanitarian assistance is channelled through UN Agencies, the International Red Cross/Crescent as well as through Finnish NGOs specified by the EU Commission. The Ministry for Foreign Affairs only acts as a financier.

Humanitarian assistance differs from development cooperation in many respects. Assistance is based on international humanitarian law and principles. It covers protection and material aid. In a post-conflict situation the aim is to coordinate humanitarian assistance, peacebuilding, rebuilding and development cooperation.

The 2014 budget for humanitarian assistance is EUR 82.7 million.
The Government has responsibly carried out development projects launched by previous Governments, although the changes in focus and results-based thinking may also affect them. Each project is evaluated by a third party and, once the project has been brought to a conclusion, a follow-on project may be launched if it seen that good results depend on further investment.

The Government considers it important that the key guidelines of development policy remain stable, even if the practical emphases may vary from one Government term to another. From the viewpoint of our partners’ interests, responsibility-bearing that extends beyond Government terms is often preferable to quick

Risks worth taking – action in fragile states may pay great dividends

Development cooperation is being carried out through many projects in some of the most problematic areas of the world, places where the states’ own structures are fragile. Despite the partner country’s good will, its capacity does not always meet the level that we are accustomed to in industrialised countries. Violence, conflicts and natural disasters may render the original plan unfeasible. In some fragile countries there is simply no desire to act in a manner compliant with sustainable development.

It is in dire circumstances, when successful, that projects can pay the greatest dividends. Stability and peace free up enormous mental, physical and even economic resources for development.

Somalia is a country torn by internal strife and conflict and whose state structures have collapsed. Since 2007 Finn Church Aid, financed by the Ministry for Foreign Affairs, has supported religious and traditional leaders in Somalia in mediation of disputes. The organisation has also supported the peace process in other ways, such as by sponsoring the participation of Somali people in the international discussions on Somalia. This has been a fruitful process. Local leaders were active in drafting the latest peace agreement and the Constitution. Somalia seems to be now more stable than in decades.

Finland has increased its assistance to Afghanistan, Somalia, South Sudan and Myanmar. In early 2014 the Ministry for Foreign Affairs drew up guidelines for development cooperation in fragile states. The document
attempts to bring about change. Finland’s support in reorganising land ownership conditions in Cambodia is but one example of a long-term, multi-Government term project.

Sometimes change makes sense. In conjunction with the Development Policy Programme the decision to abandon traditional bilateral project cooperation in Nicaragua was taken. Pursuant to the Programme Finland will focus its development cooperation on the least developed countries in Africa and Asia. Nicaragua has already risen from the group of the least developed countries: its economy and tax revenues have picked up. To an extent, also an underlying factor behind the decision to end development cooperation with Nicaragua was the concern over the course of the country’s political development and human rights situation. The course was already the same during the term of the previous Government when Finland terminated its budget support to Nicaragua.

This was by no means an easy decision. After all, the bond of Finnish actors with Nicaragua is strong and different opinions abound. Still, even if the intergovernmental cooperation came to an end in 2013, this does not mean that all work will cease. Finland continues to support the projects of different actors that aim to reduce poverty in Nicaragua. They will be assisted through regional cooperation in Central America and through the civil society. Forms of cooperation are still being developed.

provides instructions on operating in an increasingly conflict-sensitive manner, lest the donors, through their own action, cause damage or spawn new conflicts in delicate and volatile situations. In fragile countries risks are higher than normally. Therefore, the guidelines improve the prerequisites of risk anticipation, risk management and risk response in many ways. The policy on channeling aid to states is that Finland prefers multi-donor funds, multilateral organisations and civil society actors.

An internationally significant change has taken place as a result of adopting the so-called New Deal, with its statebuilding and peacebuilding goals. The shared dialogue between the group of fragile countries and the key donors, civil society included, has resulted in an agreement among the actors regarding the problems on which aid needs to be focused. Also, agreement has been reached on the manner of acting: that it is done so as to invest in the target country’s own needs. This is an attempt to avoid uncoordinated and fragmented aid; it also prevents the countries from relapsing into violence in spite of the burgeoning stability.

Finland acts in fragile states by collaborating with other donors and the partner country’s own government. Finland holds that, ultimately, the leadership of the country bears the responsibility for progress. Finland, through its action, aims to create trust between the citizens and the government of the partner country as well as improve the operating conditions of its civil society.
Finland helped Cambodia in setting rules for its land ownership chaos

In the wake of the Khmer Rouge terror regime Cambodia’s land administration system lay in ruins. In 2013 Finland completed its participation in the land administration system launched in 1977. Now the Cambodians have the instruments to continue settling land disputes on their own.

Following the dictatorship and civil war the ambiguous land ownership conditions posed a significant hindrance to progress in Cambodia. Land disputes were common, it was difficult to attract domestic and foreign investments, and real estate could not be used as collateral. On the one hand, the environment was being overburdened but, on the other hand, land was not being put to good use. The land reform, in which Finland participated, produced good results.

While land ownership conditions were being reorganized, greater and greater economic interest in land was being expressed in Cambodia. Land extraditions, land grabbing and land disputes are still everyday reality in the country. After developing its land administration system Cambodia has for the first time the capacity to ensure good land management.

December 1978
Vietnam invaded Cambodia and Pol Pot was exiled.

1978–1991

1975–1979
Dictator Pol Pot’s regime abolished private ownership. The regime destroyed the land register, maps and all land ownership documents. The dictatorship also destroyed the country’s real estate structure. Cities were emptied and people were forcibly displaced to labour camps and other new dwellings.

1989
Land privatisation began.

1991
Peace

Civil war between the Vietnam-led government and the Khmer Rouge. Farming was collective.
Results

- Cambodia has developed its land administration to the extent that it is now capable of bearing the responsibility of systematic land registration on its own.
- Since 2012 Cambodia has also been able to finance registration by itself.
- Legislation has been developed to comply with good practices.
- Previously, registration would be done manually, these days, it is done with ITC technology.
- Approximately three million pieces of real estate have now been registered with their owners; this represents 25% of all privately-owned real estate.
- 90% of all registered land disputes have been resolved.
- The registration of indigenous people’s land has been started.
- One thousand surveyors have been trained in Cambodia.
- 5600 people have been trained to settle land disputes.
- The country has a modern map system.
- The administration utilises new technology, which makes it more efficient and transparent.

1998
- Cambodia sets up a ministry to take care of land administration matters. Finland assists Cambodia in drafting a decree on land ownership registration.

2001
- The Land Act enters into force.

2002
- Cambodia adopts an official land policy strategy and decrees on different kinds of registrations and land dispute settlement.

1997
- Finland, together with other donors, begins to support Cambodia’s land sector. Cooperation with the national land survey of Cambodia begins.

2002
- Finland, Germany and the World Bank together prepare a comprehensive land programme. It improves the security of land ownership, land markets, good governance and legal proceedings in real estate matters, legislation and dispute settlement.

2010
- The World Bank pulls away from the project due to its disagreements with the Government of Cambodia. Finland and Germany continue.

2013
- Finland’s part comes to a close. Cambodia is responsible for the action with Germany’s continued support.

1998

1997 2001 2010

2002

2013
RISKS ARE INHERENT in development cooperation. Wars, conflicts, natural disasters, political and economic instability and crime represent the reality within which development cooperation is carried out. In order to achieve results one must just accept the fact that risks do exist, and then be able to work with and in spite of them. Inactivity, too, can be a risk and sometimes passiveness can be an even greater risk than active involvement. For example, once conflicts break out operational costs will greatly exceed those expended for its prevention. It is estimated that in 2018 approximately fifty per cent of the world’s poor, and by 2030 most of them, will live in fragile states.

Finland’s development policy increasingly focuses on so-called fragile states. Among other things, the Government has doubled its assistance to Somalia and Afghanistan. In 2014 the Ministry for Foreign Affairs prepared new guidelines for Finland’s development policy and development cooperation in fragile states.

The Government considers it important to engage in open debate about what kind of deliberate risks Finnish development policy is prepared to accept. Should the risks materialise it is important that the citizens, too, know why and on what grounds the risks were taken. Information must flow freely.

The Ministry for Foreign Affairs systematically evaluates risks in development cooperation, and risk prevention is part and parcel of every single project. Risk monitoring is presently being harmonised and strengthened in such a manner that it becomes an integral part of project implementation. There are many kinds of risks; if they materialise they do not only jeopardise the goals of the project, they can also endanger people’s livelihoods or security. Circumstances can change because of a war, conflict or natural disaster. Risks can also involve the security of project personnel, financial irregularities or political upheavals in the partner country. Unforeseen situations and needs to change are also spawned if and when the other donor countries change emphases in their development policies. The development strategies and practices in partner countries vary.

The Ministry for Foreign Affairs is particularly developing risk management for the implementation phases of projects and its in-house capability to detect risks and react to them when situations and operating environments change. More attention to risk management is now paid in the instruments used for development cooperation projects and in personnel training.

There is no single, universally adopted, approach to risk management in development cooperation. Finland, for its part, aims to advance the harmonisation of risk management practices within the international organisations to which we belong; a broad consensus prevails among the donor community regarding the benefits of harmonisation. International cooperation, including its rules, improves project management. “Sharing” risks with the local partners is often the key to better results. A clear allocation of roles and responsibilities can also signify risk management.
One way to minimise risks is to strengthen the partner country’s own capacity. Finland has helped its partner Mozambique to improve the functioning of the country’s highest court of auditors. The Administrative Court is responsible for the overview of public expenditure and holds the key position when it comes to preventing misuse and corruption. Finnish assistance includes, among other things, personnel training, improvement of practices as well as the development of planning and control systems. The results from the project have been good, and the intention is to expand auditing to cover the accounts of many more Mozambican public agencies. Lately the state of the Administrative Court’s own financial housekeeping has been brought into question. At present, donors and the Court are engaged in negotiations on how to improve it.

Finland considers the state’s well-functioning monitoring system extremely important and wants to support local administrative systems and organisations, rather than incorporating its own solutions to projects. This also provides the opportunity for a smooth exit from projects without any interruption to continuity. While the use of national systems generates effective and long-lasting results, it may also carry financial risks.

As part of this work, risks involved with procurements are mitigated through the Ministry for Foreign Affairs’s public procurement strategy, 2013, which provides increasingly clear guidelines and responsibilities. Good procurement management also entails careful monitoring and supervision.

FINLAND CLAWS BACK FUNDS FROM TANZANIA

In March, 2013 the Ministry for Foreign Affairs reported that Finland is recovering EUR 80 000 of development cooperation funds from Tanzania on the grounds of irregularities.

The project involved the development of Tanzania’s local government and the improvement of basic services provided by municipalities. During 2009–2011, Finland, Sweden, Japan, the Netherlands, Ireland, and Germany allocated a total of EUR 16 million to the project.

Through normal financial supervision the local authorities began to suspect misuse, following which the donor countries commissioned a special audit. It became evident that in all EUR 280,000 had been used for unacceptable purposes. They had been expended in purchasing overpriced cars and in excessive and unduly paid per diem allowances and fees. Finland’s share of the support was EUR 80,000, which Finland will claw back in its entirety.

The donors will still commission certain financial reports on the project, following which the project will be completed in 2014. The victims of the misuse are the Tanzanians living in the municipalities that need reformed, and whose basic services the funds were supposed to improve.
HOW DO WE RESPOND TO MISUSE?

Public attention is drawn to alleged misuse of development cooperation funds and corruption. Even though the relative share of misuse is minute, the attention is justified. In all there were 39 alleged or actual misuse cases in 2013. Any alleged misuse will always be taken seriously and investigated. Some suspicions prove unfounded. For instance, sometimes audits uncover shortcomings in financial administration rather than actual misuse, in such a case the matter can be rectified through improved working methods.

When actual misuse has been identified and proven, funds will be clawed back. Sometimes, however, it takes a very long time to investigate a matter. In recent years alleged misuse has varied from a few thousand Euros in civil society support to several hundreds of thousands in bilateral or multilateral cooperation. In relation to the total appropriations in recent years, misuse in terms or Euros has amounted to a few tenths of a per cent.

Finland systematically monitors the use of its development assistance, never turning a blind eye to alleged misuse. The Ministry for Foreign Affairs also actively and publicly informs of misuse, including investigations into it. Openness in development cooperation has received much attention during the term of this Government. The Ministry for Foreign Affairs designed an ITC system for development cooperation management, introduced in 2012, and is still further developing it. The system makes it possible to more coherently monitor project management and details. The new ITC system makes it easier to generate information for the Ministry and the public alike.

Strengthening openness and the monitoring of anti-corruption and misuse also make it possible for the citizens in developing countries to

New instruments for the fight against corruption

Everyone involved in development cooperation has a legal and moral obligation to fight corruption in its every form. In 2012 the Ministry for Foreign Affairs published an anti-corruption handbook for development practitioners. The handbook emphasises familiarity with the operating environment, good governance and the legal obligations of public servants. The handbook is written in English, and it includes concrete means and instruments.

During 2014 the Ministry for Foreign Affairs has prepared a system through which everyone can act as a whistle-blower, reporting alleged misuse in Finland’s development assistance, either under their own name or anonymously. The aim is to acquire more information about misuse and to expand the possibilities for tackling it. The system will be linked with the Ministry for Foreign Affairs’s development cooperation document management system, which electronically processes and archives the reports.

For the most part the Ministry communicates only about reports that have been
DEVELOPMENT DEMANDS
AN INTERPLAY OF POLICIES

THE GOVERNMENT STRESSES that development is always the sum of its parts. Developing countries’ own actions towards well-being, the economy, good governance, human rights and democracy, sustainable development as well as the participation of the private sector in boosting employment, capital and competence are of vital importance. Still, outside influences can play a big role in developing countries. The actions of other countries may, at their worst, do more harm than good in a developing country or generate major adverse side effects from minor improvements.

Irresponsible or uncontrolled action by local and foreign businesses may in many ways impede progress in developing countries.

Finland is a member of the international U4 Anti-Corruption Resource Centre and, thus, receives anti-corruption training and other support for its personnel and partners. The international exchange of information helps Finland keep abreast of things in the combat against corruption. Finland also supports the worldwide anti-corruption activities of Transparency International.

In its bilateral development cooperation Finland prevents corruption in many ways. Projects require transparency and the implementing actors are subject to audits. The anti-corruption activities of the supervising authorities, the civil society and the media are supported. The Nordic countries have also intensified their mutual cooperation in evaluating the anti-corruption activities of multilateral organisations.
Furthermore, the possibly conflicting actions of different donors may water down the results. These angles must also be taken into consideration in evaluating development results. When donor countries want to engage in coherent development policy, they must look at the big picture and consider the combined effect of different actors. In its 2012 peer review of Finland’s development policy the OECD recommended that Finland particularly develop measures to strengthen coherence of its policies that impact developing countries. The Government has invested heavily and through several means in policy coherence for development, viewing it as a key focus area for future development policy as well.

Several key policy areas of the European Union, such as trade and financial services, climate change, migration, security as well as agricultural and fisheries policies, also significantly impact developing countries. Through its Lisbon Treaty the EU committed to taking into account the external impact of its different policies on developing countries. Likewise, the Union is committed to strengthening the coherence of decisions and actions taken in different sectors, to support development into the same direction.

The EU must monitor the combined external effects of these policies and shoulder respon-

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**What does policy coherence for development actually mean?**

**Policy coherence for development means that...**

- Different policy areas consistently advance issues in the same direction so as to create the conditions for sustainable development and the eradication of poverty in developing countries.
- Developing countries and their development goals are taken into consideration in the decision-making of different policy areas, and
- No individual policy invalidate the results achieved in another area; such action would embody inefficient use of public and private resources.

**Policy coherence for development does not mean that...**

- The goals of development policy are more important, in principle, than the objectives of other policy areas. The intention is to take decisions while being aware of their effects on developing countries.
- Development assistance is allocated to finance other policy areas. The intention is to focus on the content of policy in other areas, and to strengthen cooperation between development policy and the area in question.
- It involves general coordination between policy areas. The intention is to make certain that the development goals of developing countries are ever more taken into account in an increasingly interdependent world.
sibility over the way they together affect the prospects of progress in developing countries. Finland also considers it important to always consider the effects of all policies on human health and well-being.

In its Development Policy Programme the Government identified five focus areas in which policy coherence for development (PCD) could be strengthened. These are: security, food security, trade, migration and taxation. In different areas policy coherence for development means different things. For instance, in tax evasion and illicit capital flows Finland and the developing countries pretty much share the same interests. Also, in security policy and in energy and climate policy it is easy to see that global stability, sustainable development and climate protection serve the interests of everyone on earth, even though there are always conflicting interests involved in the practical implementation of policies. In some policy areas, such as in trade, there may be clear differences between the interests of Finland and the poorest countries. Taking decisions on these matters always demands careful political judgement.

Without a healthy population, fit for work, there will be no progress. Well-being and health as well as equality between people are derived from societal decisions. They define the realisation of people’s rights, the trade in harmful or beneficial goods as well as access to health care services, including their distribution among the different segments of the population. Finland’s international profile incorporates the advancement of “health in all policies”-approach, in the EU and the World Health Organization (WHO) alike. The effects of all administrative branches’ decisions on well-being, health and inequality should be considered while preparing, taking and implementing said decisions. During the summer of 2013 Finland hosted a global WHO conference in Helsinki; the Ministry of Social Affairs and Health and the Ministry for Foreign Affairs together prepared an international publication on the topic. The Government will continue its efforts in promoting this thinking in global policy and development cooperation.

Since the whole Government carries out development policy, the central government’s high-level policy coherence for development (PCD) network convenes biennially with the aim of strengthening policy coherence and reducing inconsistencies. Furthermore, the Development Policy Committee, an advisory body to the Government, focuses on promoting coherence in the entire central government’s development policy activities.

The Government has strengthened, and continues to strengthen, the promotion of policy coherence for development in different administrative branches. Training as well as dialogue, both between ministries and with a multi-stakeholder approach, will be increased. The Government is also searching for the means to bolster the local research and analysis capacity in developing countries, and to analyse the development effects of different policy areas.

Cooperation is of particular importance in the national preparation of EU-related matters because many of the most important policy decisions affecting development are taken in the EU. Finland’s EU coordination system, including the Government EU Affairs Department at the Prime Minister’s Office, the Cabinet Committee on European Union Affairs, Parliament’s Grand Committee, which deals with the formulation of national policy associated with membership of the European Union, as well as the subcommittees that coordinate the affairs of different ministerial working groups, strives to ensure policy coherence between different policy areas. It is also important to further support the role of this system when it comes to advancing policy coherence for development.

During the term of this Government, the Ministry for Foreign Affairs has instructed its representatives in all subcommittees that...
prepare EU-related decisions to ensure the consideration of development impact in drafting positions, but the work done at the sub-committee level should increase its focus on this matter. The intention is to guarantee that Finland’s positions are decided upon with full knowledge of their effects on developing countries.

THE COLLECTIVE WILL TO CURB ILLICIT OUTFLOWS

Tax havens, tax evasion and other forms of illicit financial flows are the bane of developing countries and industrial countries alike. At the same time when donor countries are helping developing countries to improve their taxation, they are fighting against their own tax base erosion. In recent years strong political determination has emerged in the

The Government’s action plan to restrain international tax evasion and tax hedging

In accordance with the Government Programme the action plan compiles the key measures through which international tax evasion and tax hedging can be tackled.

The focus areas:
1. Securing the tax base, and harmful tax competition.
2. Tax monitoring and exchange of tax information.
3. Openness of information.
4. Public procurement, and
5. Tax issues in development cooperation.

The measures are associated with the global, OECD and EU levels as well as the Nordic and national levels. Some of the measures have already been or are about to be implemented.

Combating international tax hedging is also central to developing countries as the capital flight is a significant barrier to stamping out poverty and inequality. Industrial and developing countries share the same key problems, which is why common solutions call for a coherent approach that equally takes into account the interests of everyone. Developing countries will become less dependent on development assistance when they strengthen their governance, including tax administration and revenue collection.

From the development policy perspective the key topics are:

> Taxation of revenue accumulated from raw materials and production in the country of origin.
> Strengthening the taxation capacity, transparency and mobilising domestic resources.
> Strengthening the conditions for taxation (such as good governance) along actual taxation systems, and
> Corporate accountability in multinational corporations.
European Union and the G20, thanks to which there is now an OECD-led reform underway regarding global rules for taxation and capital movements. Several developing countries are participating in the process.

The Government has focused particular attention on issues related to taxation. Finland actively participates in the EU and the OECD to curb aggressive tax planning and illicit financial flows internationally. Most measures that can mitigate them benefit Finland and the other industrialised countries and developing countries alike. At present, EU and OECD-collaboration is gearing towards a rules reform which can impact, among other things, aggressive business tax planning, country-by-country financial reporting, beneficial ownership, restrictions on the use of tax havens and the prevention of money laundering. Other means available include an automatic exchange of tax information between states, reforming the transfer pricing rules for multinational enterprises, and creating a standard for non-financial reporting by companies.

Despite the international attention or the collective will the topic draws, it is realistic to state that the different parties have a large number of conflicting interests associated with taxation, capital movements and the regulation of them. For this reason, universal participation is needed and sufficient time must be set aside for the debate and decision-making process required by the reforms. Collaboration between the Ministry for Foreign Affairs, the Ministry of Finance and the Ministry of Employment and the Economy will be strengthened so as to make it possible to evaluate political decisions related to taxation in a more systematic manner from the standpoint of the Development Policy Programme.

The resources the administrations of developing countries have to invoke national measures against tax evasion are often meagre. Finland, during this Government’s term, has supported developing countries in their efforts to improve good governance and the structures of levies and taxation so that they would have more revenue at their disposal. In addition to the work geared at reforming global taxation rules, Finland has actively participated in initiatives advancing transparency in taxation and the inclusion of developing countries. Finland has strengthened the role of domestic resource mobilisation and taxation in its development cooperation, and has to some extent begun to support its African partners in developing tax systems, and is currently seeking to find new ways to increase this even further. Also, the state-owned Finnfund has been instructed to steer clear of tax havens.

**WELL-BEING THROUGH TRADE**

The dimension of trade policy that supports development is achieved by endorsing two mutually complementary tracks. On the one hand the Government supports constructing the EU’s trade agreements and the World Trade Organization’s (WHO) treaties in such a manner that they also positively affect the opportunities developing countries have to strengthen an inclusive green economy. On the other hand Finland, through its development cooperation assistance, supports the possibilities of developing countries to participate in world trade and the independency to negotiate for their interests at international fora. Developing countries, too, must have the possibility to benefit from world trade and offer their products on the global market.

In 2013, after decades of negotiations, the World Trade Organisation (WTO) reached an agreement on a “mini-package”. A part of the package important to developing countries is an agreement on trade facilitation.
The OECD has produced a tool for policy coherence for development (PCD). Finland applied it in the so-called Food Security Pilot during 2012–2013.

Food security stands for people’s prospects of producing or obtaining sufficient and appropriate nutrition. The right to sufficient nutritious food is a human right. The Government wanted to assess how Finland’s agricultural, fisheries, environmental, trade and development policies advance food security globally. Simultaneously, this provided an opportunity to learn new practices and provide feedback to the OECD on its tool.

Five ministries as well as several organisations and actors from the research community in Finland participated in the project. The project generated new information and insight into the factors that affect food security. The results included policy goals and associated recommendations for the actors in the area.

The immediate results:
＞ Interplay of policies visibly improves results.
＞ Ministries must systematically work together.
＞ Evidence on the impact of different policies is vital.
＞ The development policy perspective is also often necessary in matters where it is of secondary importance.
＞ It may be challenging to concretely assess and measure PCD from the perspective of a single country, as many issues affect the situation in developing countries and the impact varies depending on the factors at play in their society and economy.
＞ Finland promotes PCD in all of its activities, both nationally and in the EU and international organisations.

Recommendations:
＞ Finland must strengthen its ability to always take into account food security in developing countries when it comes to its national and EU-related decision-making. While preparing matters related to the EU, development policy expertise should be strengthened in the trade, agricultural, fisheries and environmental sub-committees. Ministries should intensify their collaboration.
＞ In the EU Finland supports monitoring the development impacts and responsibility-bearing of the EU’s food policies in developing countries.
＞ Approximately 70% of all foodstuffs imported to the EU come from developing countries. Finland must more carefully analyse the development impacts of its own food imports. National nutrition guidelines should consider the perspective of globally sustainable development. If Finns follow a seasonal diet high in vegetables, they can help control the climate change and improve food security in developing countries.
＞ An estimated one third of the raw material for food produced in the world is left unharvested, spoils...
during transport or storage or ends up as waste. Conversely, Finland has attempted to reduce food waste prepared at government-owned premises and to make it easier to donate surplus food to the needy.

Finland attempts to have the EU renew its biofuels goal in the long term in such a manner that only supports second or third generation biofuels which do not compete with food production.

During 2014–2016 several ministries’ expert groups are responsible for implementing the recommendations. The body responsible for the implementation is a broad-based food security group, which was founded at the behest of the Government’s high-level policy coordination network.

At present, Finland is financing the piloting of an internationally developed methodology carried out by Tanzanian researchers, regarding the combined impact of the OECD countries’ policy areas on the Tanzanians’ likelihood of being able to produce or obtain food. The results of the research become available at the end of 2014.

The agreement is also important because, for the first time, it links development issues and the implementation of the agreement. Trade negotiations are the purview of the EU Commission, and Finland closely influences the action of the Commission during negotiations. In recent years insight and awareness of positive and adverse development impacts have markedly increased in the EU’s decision-making as well.

Aid for Trade is an international initiative, introduced in 2005, which aims to generate well-being in developing countries by means of trade. In 2012 the Government updated the Aid for Trade action plan. Under the auspices of Aid for Trade the Government focuses increasing attention on the employment of women and youth, private enterprise and on supporting the poorest developing countries in their efforts to profit from trade and investments. Also, the reduction of inequalities, climate sustainability, development results and focusing on bigger entities received larger roles in the new action plan.

Finland draws attention to global social responsibility and the realisation of human rights in working life. Finland supports the efforts of the International Labour Organization (ILO) and the EU in globally advancing decent work and social justice. In this work it is important to utilise, among other things, the ILO’s international labour standards. The Team Finland network, which brings together state and private actors, established during the term of this Government, also aims to become an operational instrument in the practical implementation of development policy and business consulting. Questions associated with corporate social responsibility have entered the debate, and they have also been taken into account in Team Finland’s strategy. It is also possible to utilise the Team Finland network in practical development cooperation in developing countries as it widely gathers different
actors together. Intensifying the network's consulting services also helps market the business instruments of development policy to Finnish companies.

The Government has adopted a Resolution on corporate and social responsibility (2012). The Government considers it important to contribute to the fact that Finnish businesses operate in an accountable manner, both at home and globally. At best, businesses will reap commercial benefit from their accountability. The Government is presently preparing an action plan which endorses the UN Guiding Principles on Business and Human Rights.

SUPPORTING STABILITY AND SECURITY

The relationship between peace and development is important. Military and civilian crisis management and mediation are parts of Finland's global policy for advancing worldwide development and security. The Government considers it important to coordinate different working methods to achieve the best possible synergies and lasting results. The Government has promoted the Comprehensive Crisis Management Strategy, adopted in 2009. In the EU Finland has also been an active component of implementing the comprehensive approach in external conflicts and crises. This work is still in progress; it is not always easy to achieve it in the ebb and flow generated by the EU’s Member States, institutions and policies.

The UN Arms Trade Treaty (2013) is another good example of the Government’s policy coherence. Through its foreign policy Finland significantly helped bring the manufacture, transfer and stockpiling of small

TRADE BRINGS ABOUT LIVELIHOODS TO FAMILIES IN CENTRAL ASIA AND SOUTHERN CAUCASUS

Finland has supported enterprise and financial responsibility-bearing in Central Asia, Southern Caucasus and Eastern Europe. Women and men have participated in the UN-DP’s Aid for Trade programme on an equal footing. However, Finland believes that women, especially, have significantly been empowered. Finland has financed the nine-country programmes from 2009-2013 with a total of EUR 6.2 million.

The programme supported, among other things, agricultural businesses, organic farming, tourism development, business incubators, cross-border trade and systems used in product transports. Hundreds of new jobs and new innovative solutions in farming have been created through the programme. The projects have particularly improved the possibilities of the rural population to get income from trade and multiple activities associated with farming. Good results were achieved in Armenia, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan, among others. It is estimated that the programme reached in all 35 000 people.
WOMEN ARE NEEDED IN THE WORK FOR PEACE

Internationally, women are seriously underrepresented in peace processes and mediation, even though violent conflicts impact women and men alike. UN Women, the UN organisation dedicated to gender equality, studied the participation of women in 31 major peace processes from 1992-2011. It was discovered that the proportion of women among the chief mediators, signatories of peace agreements and team members in peace talks was only two to nine per cent. In Northern Ireland and the Philippines, for example, where the peace talks also resulted in peace treaties, women had had more important roles.

Not enough information is available regarding the dissimilar effects of conflicts and peace processes on men and women, nor are the women living in conflict areas sufficiently heard in conjunction with peace processes or related national dialogues.

The Ministry for Foreign Affairs is financing the three-year long Gender and Inclusive Mediation-project, organised by the UN, the Finnish Crisis Management Initiative (CMI) and the Peace Research Institute Oslo, through development assistance funds. The training project supports the participation of women in mediation and peace processes. Furthermore, it increases the participants’ awareness of including the gender aspect into peace processes. The project’s training seminars are especially aimed at the chief mediators and representatives of the UN and other international organisations. The project is a means to implement the goals of UN Security Council Resolution 1325 (Women, Peace and Security) and related resolutions, which emphasise the equal participation of women in peace talks and rebuilding.

Weapons into the sphere of regulation, which is extremely beneficial for development. The huge numbers of small weapons and their easy availability tend to stir up instability and violence in developing countries.

The Government emphasises the local ownership of security. It is essential to enhance the developing countries’ own capabilities and capacity to maintain peace and security by respecting human rights. Also the more extensive measures aimed at reforming the security sector, such as the developing countries’ police forces and the judicial system, advance this goal.

The Ministry for Foreign Affairs has strengthened its in-house links between security and development. For example, the Mediation Coordination Group, the 1325 Follow-up Group as well as the Security and Development Group are new forms of organising. The significance of environmental aspects and environmental treaties in serious conflicts has been recognised.

Finland successfully operates in international mediation and has participated in organising it through its initiatives. Mediation has also received more development assistance. The new, expedited, decision-making process better meets the need to provide flexible financing for mediation.
WIDE-RANGING COOPERATION IN COMBATING CLIMATE CHANGE

Combating and mitigating climate change require policy coherence, both at home and abroad. Finland is committed to limiting its own emissions pursuant to the decisions of the UN and the EU, and those of its own. A national low-carbon roadmap 2050 and a climate Bill are in the works.

Global problems require global measures. Finnish development thinking includes the idea that partner countries’ development should be supported in a manner that supports the achievement of international climate goals. Combating and adapting to climate change in developing countries are parts of Finland’s development policy, and the climate support granted to developing countries in recent years has grown as follows: in 2010 the total sum was approximately EUR 42 million; in 2011 approximately EUR 62 million; and in 2012 approximately EUR 108 million. In other words, Finland has surpassed its EUR 110 million growth commitment compared to the approximately EUR 27 million reserved for support in 2009.

The Government has stated that it will continue climate support at the average level for the period of commitment, at the very least. In the 2014 budget proposal the share of official development assistance earmarked for climate financing was estimated at approximately EUR 94 million.

The Government took an international landmark decision to fully channel the proceeds accrued from emissions auctions to development and climate financing. This made it possible to allocate an extra EUR 54.8 million appropriation to development cooperation through supplementary budgets, on top of the appropriations already granted in the state budget.

The climate impacts of Finland’s own development policy actions will be evaluated and included in the work in a cross-cutting manner. Finnish meteorological expertise is

SUSTAINABLE FORESTRY IN LAOS

Illegal logging and deforestation are big, world-wide problems from the standpoint of climate change. These, and the fact that the poor are left without any share of the proceeds from forestry, are problems in Laos as well. Finland, together with the World Bank, has implemented a long-term project which supports sustainable forestry and the fair sharing of the earnings.

Now, legally logged timber from Laos can be identified by its international FSC certification document. The project contributed to a new act, which even increases the share of timber trading profits given to local village funds sixfold. People have also managed to find new sources of income along with the timber trade. At the same time they have received guidance on sustainable forestry.

Finland has been responsible for the project’s expert assistance, and the World Bank has footed the bill for the forestry programme. Many other donor countries, too, have financed the project through the World Bank.
presently helping climate-related data generation, among other things, in southern Africa.

Globally sustainable development is the goal of the Government’s development policy. The Government considers it important that economic growth, vital for development, be generated in a sustainable manner from the viewpoint of the environment and human well-being. In the autumn of 2013 the Finnish National Commission on Sustainable Development completed its work on society’s commitment to sustainable development, embodied in the document “The Finland we want by 2050”. It was the culmination of extensive collaboration and consultations. According to the document Finland “must take responsibility for the national implementation of global sustainable development commitments”.

MIGRATION AS PART OF DEVELOPMENT POLICY

The Government considers it important to more thoroughly delve into the root causes of migration in developing countries. The overarching objective is to influence local development in such a manner that people would primarily find sources of livelihood close to their homes, or in their native countries. Resettlement is a right; it should never be forced or become a necessity. It is important to further strengthen the regular dialogue between different ministries and stakeholders.

It is important for Finland and the EU to support the countries of origin and transit in the issues that cause people to resettle due to situations where they feel they have no other options. The reasons for leaving often include a weak economy and unrealised basic rights, insecurity, instability or violent conflict. In the EU Finland draws attention to a broad consideration of migration from the perspective of development policy, rather than as merely being issues related to justice and home affairs. A comprehensive evaluation of the EU’s migration and mobility policies is presently being prepared.

Migration has varied impacts in developing countries. In many ways the population living abroad benefits development in their home countries, among other things, by wiring sizeable remittances back home. On the other hand, the loss of an educated work force is always a loss for the country of origin. Uncontrolled migration has its drawbacks, such as human rights violations against the most vulnerable immigrants, becoming a victim of human trafficking, etc. Transit countries may find it extremely challenging to manage the flow of immigrants.

In their new countries of residence immigrants often stimulate economic growth as a source of labour and bring new mental capital with them. The Government believes that the knowhow of immigrants and their contribution to their home countries is extremely important. The Government believes that legal immigration and mobility should be promoted. One way to curb illegal immigration is to communicate correct information about the preconditions and practices of legal immigration.

When people encounter persecution or other serious violations of human rights, or if they are threatened by armed conflict they may have to flee their home countries, in violation of all regulations. One way to help is for Finland to accept refugees and grant asylum to seekers. In 2014 Finland aims to accept 1050 quota refugees. Of them 500 are Syrians. In all, approximately four million people have been forced to flee Syria.

One must also note that immigrants and refugees, for the most part, move from one developing country to another one. Often the arriving immigrants cause a heavy extra burden...
on the poor country that receives them. For the most part developing countries do not have any proper asylum systems and, what’s more, there are severe shortcomings in their capacity to accept immigrants and refugees. In development policy it is important to identify and take into account the situations where refugeeism from one developing country to another one has become a long-standing phenomenon.

The Government is concerned about undocumented migration and the associated human tragedies, such as capsized boats. Even in this case policy coherence in the EU is the only way forward. For instance, it is impossible to solve the situation of people crossing the Mediterranean in an attempt to reach Europe merely by means of immigration policy.

The Government does not simply allocate development assistance funds to cover the expenses of combating illegal immigration. By just tackling its visible symptoms it is impossible to solve the problems which generate the pressure to resettle or irregular immigration. More in-depth development policy thinking is required as well as wide-ranging cooperation and coherence between different policy areas.
OBSTACLES CAUSED BY LACK OF COHERENCE ARE VISIBLE IN EVERYDAY LIFE

NGOs have gathered some examples of how incoherencies between policy areas impact people’s lives. A report by CONCORD, an umbrella organisation for European development organisations, presents the following example:

The sugar vendor and taxes
A Zambian woman sells the products of the sugar giant Zambia Sugar at the market, 15 hours a day and seven days a week. Her sales come to a maximum of four Dollars per day. Irrelevant of the turnover her market levy is USD 0.20.

In relative terms a market vendor pays more tax than the successful sugar conglomerate. In recent years Zambia Sugar paid no corporate tax whatsoever, and only 0.5 per cent tax on its income.

Source: CONCORD Spotlight Report

European frozen chicken in Ghana
In the mid-1990s chicken farming employed approximately 200,000 Ghanaians, chicken being a popular food. Then, imports of European frozen chicken grew extremely rapidly. Since the price of an imported chicken was only one quarter of the locally grown one, the Ghanaian production could not compete with the price. Local production collapsed almost entirely in the early 2000s. The course of events sparked a lively debate in the EU Parliament as regards the impacts of the EU’s agricultural policy on countries outside the Union, and the need to take its impacts into account. Members of Parliament proposed, among other things, complaint systems through which anyone could make a report to EU institutions regarding the possible adverse effects of the EU’s policies. The debate influenced the discussions on the EU’s agricultural policy reform. The debate on taking into account development impacts vigorously continues in the EU.

Source: The Association of World Council of Churches related Development Organisations in Europe (APRODEV).
3

THE FUTURE
IN MANY RESPECTS we live in critical times. A climate treaty, binding to all countries of the world, will be negotiated in 2014 and 2015. Simultaneously, the states of the world will negotiate the UN post-2015 development agenda, which considers sustainable development and the eradication of poverty as a whole. Likewise present is a search for direction of new financing to which support the goals. The intention is to commit every nation in the world to action and change. The commitment of non-state actors is also important. Finland is now actively pursuing a successful outcome in these negotiations.

The measures the Government has carried out to improve the impact of development policy and development cooperation, and policy coherence are suitable for the present situation. The substance of the Government’s Development Policy Programme, and the guidelines that have shaped our working methods – goal and results-orientedness, perseverance, openness and policy coherence for the common goals – are also important in responding to the needs of a world in flux; what is more, they improve the impact and continuance of the work. It behoves us to further strengthen them. It is also important to regularly monitor development policy and assess its impact. Reports on development policy and development cooperation will be issued in the manner desired by Parliament, for example, once during every Government’s term in office.

Supporting developing countries and advancing the goals of sustainable development always represent action which entails risks. This is especially true as regards fragile states or countries recovering from war, which can often relapse into a vicious circle of violence. Then again, inaction holds risks which may increase refugeeism, global environmental
## MANY GOALS ARE ACHIEVED, FOR SOME THERE IS STILL A WAY TO GO

### EXAMPLES OF ACHIEVED UN MILLENNIUM DEVELOPMENT GOALS

<table>
<thead>
<tr>
<th>The goal by the year 2015</th>
<th>Rate of success</th>
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| **Eradicate extreme poverty and hunger** | ● Extreme poverty has already been halved: the proportion of people whose income is less than USD 1.25 a day fell from 40% to 20% between 1990 and 2010.  
● Globally, about 842 million people are estimated to suffer from hunger, i.e. every eighth person is still undernourished. Even though the proportion of undernourished people declined from 24% to 15%, the goal will not be met by the deadline. |
| **Achieve universal primary education** | ● Nine out of every ten children enrol in primary education. Still, ten per cent of children are out of school. Most of them live in sub-Saharan Africa, where enrolment in primary education rose from 58% to 77% over the past ten years. |
| **Promote gender equality and empower women** | ● Girls attend school nearly as much as boys.  
● Of the world’s women only 40% are employed.  
● Of the world’s members of parliament 80% are still men. |
| **Reduce by two thirds the under-five mortality rate from the 1990-level** | ● Child mortality has declined by 41%, which translates into about 14,000 fewer children under 5 years of age dying each day. Nevertheless, the number of deaths in children under five worldwide is still 6.9 million, i.e. 19,000 each day – most of them in their infancy. Many die from treatable or preventable illnesses. |
| **Reduce by three quarters the maternal mortality ratio from the 1990-level** | ● Maternal mortality has declined by 47%; in other words it has been nearly halved, but it is still far from its goal. Still, approximately one thousand women die during pregnancy or childbirth. |
| **Combat HIV/AIDS, malaria and other infectious diseases** | ● Improvements in malaria control have spared over one million lives. Tuberculosis treatments have saved 20 million people. While the number of HIV infections is on the decline, still 2.5 million people are infected annually. Increasingly more people are receiving antiretroviral medication. |
| **Ensure environmental sustainability** | ● Global emissions of carbon dioxide have increased by more than 46 per cent since 1990: climate change is real.  
● The clean water target will be met: 2.1 billion people have gained access to improved drinking water sources.  
● Still, 2.5 billion people lack access to a proper latrine. |
| **Develop a global partnership for development** | ● Of all countries in the world, only Denmark, Luxembourg, the Netherlands, Norway and Sweden meet the development cooperation target of 0.7 per cent of GNI.  
● While the debt of developing countries has decreased, capital flight has increased and tax hedging is a big problem. |
problems and human suffering. Effective and coherent development policy aims for correctly-timed action which includes minimal risks. Development cooperation encompasses learning and finding new, more effective working methods. Cooperation with NGOs, civil society and political leaders in Finland and partner countries alike plays a big part in improving the effectiveness of action.

The challenges to globally sustainable development are considerable. Finland aims for a world in which everyone’s rights will be achieved within the boundaries of the earth, both now and for generations to come. Inequality must be reduced, the ecological boundaries of nature have to be respected and human rights must be guaranteed for everyone on earth. It must be possible to halt global warming while adapting to the already ongoing and further advancing climate change. This requires a paradigm shift in people’s attitudes and practices across the world that will shape modern lifestyle and structures. All action must become socially, economically and environmentally sustainable. Elements of sustainability also include social stability, peace and non-violence.

There are no easy solutions to these enormous challenges. Nor is there any fast track to results. Nevertheless, it is quite clear that in the coming years and decades completely innovative input from different sectors is needed to achieve sustainable development. In addition to the already completed measures, better and more concrete working methods and instruments are needed to achieve results.

The Government has prepared a list of the issues which, in the coming period, deserve special attention in Finland’s development policy. Likewise in the future, Finland will coherently support sustainable development as an actor engaged in high-quality and impactful development policy and development cooperation.

The Government deems it important to commit to:

1. Reducing inequality by shouldering responsibility for human rights over the long term.
2. Focusing attention on the poorest and fragile states, as differences between developing countries keep growing.
3. Further developing the effectiveness, openness and risk management of development cooperation.
4. Comprehensively supporting sustainable development with solutions from different policy sectors.
5. Requiring that also non-state actors operate in an accountable and effective manner that complies with sustainable development, and
6. That the advancement of sustainable development requires extensive resources.

The Government also promotes these views in the international arena so that future international goals and commitments support their realisation.
1. REDUCING INEQUALITY BY SHOULDERING RESPONSIBILITY FOR HUMAN RIGHTS OVER THE LONG TERM

Even though global poverty has decreased, in many countries the inequality between people has grown. Also, extreme poverty is increasingly being concentrated into certain countries. In addition, the enabling environment for civil society action has become much tighter in many countries.

Finland has invested in the reduction of inequality between people in many countries in many ways. Finland cooperates with the other Nordic countries to further rights that are the target of strong opposition, both internationally and in several countries. Such rights include sexual and reproductive health and rights which strongly affect the status of women and population growth. Moreover, at an especially dismal level are the rights of women and girls, disabled persons, sexual and gender minorities, indigenous peoples and those marginalised on other grounds.

It is important that Finland continue its efforts in reducing inequality and, particularly, in achieving full and complete human rights for the most vulnerable. Furthermore, Finland must highlight the fact that the reduction of inequality requires comprehensive and cross-cutting measures in society’s different sectors, including economic and taxation policies.

Since personal empowerment is the key to development everywhere, even in the future Finland’s development policy must build on achieving human rights, and on a human rights-based approach. It is also important to see to it that Finland strongly continues to protect and support human rights-defenders pursuant to UN guidelines.

2. FOCUSING ATTENTION ON THE POOREST AND FRAGILE STATES, AS DIFFERENCES BETWEEN DEVELOPING COUNTRIES KEEP GROWING

Poverty is being concentrated in such a manner that the poorest people in the world are living in the least developed countries of the world, particularly in so-called fragile states and, on the other hand still in middle-income developing countries. For this reason, in its development policy Finland invests in taking these countries’ dissimilar situations into consideration and tailors its forms of assistance to their respective needs. Growing attention is focused on the poorest and fragile states, as differences between developing countries keep growing.

The Government considers it important to invest in the special needs of fragile countries recovering from conflict or of those still being torn by conflict. In the coming years Finland will participate in providing assistance to Somalia, South Sudan, Myanmar and Afghanistan. This cooperation will be carried out, first and foremost, by multilateral and civil society actors. It will be based on the new guidelines for development policy and development cooperation in fragile states.

The Government also actively advances cooperation with fragile states in the international arena. In the coming year the co-chairmanship of the International Dialogue on Peacebuilding and Statebuilding (IDPS) will present an opportunity to do this. The adoption of peacebuilding and statebuilding goals for fragile states and the so-called New Deal have signified important steps forward to ensure donors focus on the most essential development questions, defined by the fragile states themselves. Finland must continue to
actively promote the inclusion of the above mentioned in the new post-2015 Agenda of the UN.

It is important that Finland continue emphasising the least developed countries in Africa and Asia in its development policy and development cooperation. The significance of Finland’s bilateral assistance is still of great importance in these countries. Finland will continue supporting Ethiopia, Kenya, Mozambique, Nepal, Zambia, Tanzania and Vietnam in accordance with the agreed country programmes, updating them as needed.

In addition to these, NGO’s grassroots development cooperation projects will also continue in line with Finland’s development policy principles.

When it comes to the more prosperous developing countries it is important to emphasise, among other things, the role of improving national revenue collection and developing services, the importance of human rights and democracy as well as of sustainable and inclusive green growth in reducing inequality.

3. FURTHER DEVELOPING THE EFFECTIVENESS, OPENNESS AND RISK MANAGEMENT OF DEVELOPMENT COOPERATION

Development policy is carried out under difficult conditions. The race against climate change and population growth drains energy from all of the actors and partners. At the same time development demands new innovations for the constantly changing environments.

Local, democratic ownership has been highlighted as a key principle of Finland’s development cooperation. This emphasis seems to endure in international development policy as well. Finland supports the implementation of the developing country’s own development plan, taking advantage of local governance structures rather than purpose-built ones, when possible. The objective is to strengthen democratic decision-making, the inclusion of citizens and the most vulnerable groups of people, and strive for tangible results and long-term impacts.

It is important that Finland continue its focus on results and its strategic approach in managing, planning and implementing development cooperation. Result-monitoring and learning from past experiences will be further improved. The Government will assess how well the Development Policy Programmes have steered the practical implementation of projects. These observations also generate useful information for preparing the next Government Programme and Development Policy Programme.

It is sensible to continue to concentrate the assistance to fewer, but larger entities. According to experience, this will improve the impact and results of our development policy. Through this, combined with even more strategic and active influencing and dialogue with its development partners, such as UN Agencies, Finland aims to achieve the role of important proponent. The intention is to advance Finland’s priorities in this manner.

The Government considers the achievement of the cross-cutting objectives of our development policy as a key element of successful work. It is important that Finland further promote gender equality, reduction of inequality and climate sustainability in all of its activities.

The Government has increased and will continue to increase openness and predictability in the management of development assistance funds. By publishing information on agreed, ongoing and already completed projects it is possible to help the partner country’s citizens influence the manner of development coopera-
tion in their country. This also reduces risks.

Development cooperation carried out in difficult operating environments, which is challenging and risky, needs to have the trust and support of Finns. The Government continues to create high-quality, open and interactive modes of operation, an example of which is the misuse reporting system opened to the general public. Even though the relative share of misuse is minute, any alleged misuse is always thoroughly investigated. In the future as well it will be important to preserve and increase the citizens’ trust that the financial management of projects is handled properly. It is also valuable in situations in which financial risk materialises.

4. COMPREHENSIVELY SUPPORTING SUSTAINABLE DEVELOPMENT WITH SOLUTIONS FROM DIFFERENT POLICY SECTORS

All countries of the world must shoulder the responsibility for the way in which their policy decisions affect global sustainability, the poorest countries and, particularly, the poorest people in them. The most important elements in societies are not only interconnected, they are also coupled to the decisions of outside actors. The policies of Finland and the EU are important links in this impact chain.

The United Nations’ future post-2015 development agenda will highlight the responsibility to be borne by all countries for sustainable development. This will be reflected in the different ministries’ administrative branches in a new way.

The Government has strengthened, and continues to strengthen, the promotion of policy coherence for development in different administrative branches. It has especially focused on topics such as security, food security, trade, migration and taxation and deems it appropriate in the future, too, to concentrate on a few key sectors. Whereas progress has been made, there is still much to be done.

Finland must continue to deliberate the best practices by which to advance sustainable development and development impact considerations in the entire central government and in political decision-making. Appropriate information, seeing to development impacts and that sufficient personnel required by policy coherence for development are available, as well as training on the importance of policy coherence for development, are all important parts in the puzzle of development. It is also significant to find ways to support developing countries in their own research and analysis of evaluating the development impacts of different policy sectors.

The Government has aimed to see to it that enough information regarding the effects of decisions on developing countries is available when it takes its own decisions or drafts positions vis-à-vis the EU, and for parliamentary debates. The role of Finland’s national EU coordination system as well as that of subcommittees should also be further bolstered in strengthening policy coherence for development. From the viewpoint of Parliament’s need for information, it is important for the Government to make certain that development impacts are presented in its Bills. It is also significant for Parliament to receive enough pertinent information from a development-perspective when it deliberates topics that are essential regarding their development effects. This can be achieved, for example, through the participation of Parliament’s Foreign Affairs Committee, or by requesting expert information which represents that viewpoint.

It is imperative to increase training on
the importance of policy coherence for
development, and to foster more dialogue
between ministries and with multi-stakeholder
approach. The Food Security Pilot, imple-
mented during this Government’s term of
office, is a good example of multi-stakeholder
cooporation in other themes as well. The
Government will launch regular cooperation
between different actors and experts, akin to
the Food Security Pilot, to strengthen develop-
ment-related decision-making on migration
and on taxation. The Government adopted the
recommendations of the Food Security Pilot as
parts of Government Programme monitoring,
continuing the cooperation which has started
well.

Finland has required that the EU Com-
mission and the European External Action
Service consider the development impacts of
initiatives as the EU’s farming and fisheries
policies, energy and climate policies, immigra-
tion regulations as well as foreign and security
policies, among others, also significantly im-
pact countries outside the EU. It is important
for Finland to make certain that in the future
Member States receive ample and up-to-date
information from the Commission in order to
properly take into account policy coherence
for development.

Finland has promoted a policy coherence
for development-perspective in different EU
bodies and in the different phases of the EU’s
decision-making. The Government continues
its efforts to regularly include a topic with
policy coherence for development -related
content on each future agenda of the Foreign
Affairs Council.

Coherent and results-generating develop-
ment policy requires close cooperation and
coordination from all of Finland’s administra-
tive branches. All sectors bear responsibility,
both individually and collectively.

5. REQUIRING THAT ALSO NON-STATE ACTORS OPERATE
IN AN ACCOUNTABLE AND EFFECTIVE MANNER THAT
COMPLIES WITH SUSTAINABLE DEVELOPMENT

Non-state actors will be increasingly im-
portant to sustainable development and the
eradication of extreme poverty in the future.
Finland requires that non-state actors operate
in an accountable and effective manner, com-
pliant with sustainable development.

The Government has increased the financing
of civil society actors. Supporting Finnish
and international organisations and those
operating in partner countries is a successful
way to strengthen active local democracy, ac-
countability and local ownership in developing
countries. In accordance with its new guide-
lines for democracy support the Government
is increasing its support for activities that
promote democracy. The Government requires
increasingly stronger results-orientedness from
itself and from organisations. Organisations
are also expected to operate in a complementa-
ry manner in relation with other actors so that
the efforts of different actors come together as
a meaningful whole.

Businesses are well equipped to promote sus-
tainable development and human well-being
in a manner that is also commercially viable.
Finland wants to further strengthen corporate
and social responsibility and the preconditions
of business in developing countries. As per its
resolution the Government will prepare guide-
lines for implementing the United Nations’
Guiding Principles on Business and Human
Rights in Finland. In order to stimulate
Finnish companies’ development-related inno-
vation and product development the Govern-
ment is presently preparing a new programme
and a fund. The development of Finnfund and
Finnpartnership will continue. The Government will streamline the forms of supporting cooperation between higher education institutions. A recently completed evaluation and one just about to be completed will help this work. The Government is presently assessing the best way to continue the cooperation between Finnish municipalities and certain African regions.

The Government will further bolster Finland’s cooperation-oriented mode of operation, in which our partners in the world-wide community of actors comprise states, international financing institutions and other organisations. Acting through the UN system and development banks represents a key multilateral channel for Finland’s development cooperation. The Government has increased multilateral cooperation financing. In addition, cooperation as a Member State of the European Union, and through the development cooperation administered by the Commission, is a noteworthy venue for Finland’s development policy.

It is important for Finland to continue supporting future cooperation models which encompass states and other stakeholders. Multi-stakeholder-cooperation is part of everyday life in Finnish committees, and it has been successfully implemented in recent years in the international arena as well when development cooperation and the ways of implementing development policy, among other things, have been improved.

6. THE ADVANCEMENT OF SUSTAINABLE DEVELOPMENT REQUIRES EXTENSIVE RESOURCES

Sustainable development and the reduction of poverty increasingly advance hand in hand. Finland is presently leading the debate in the UN as regards new, wide-ranging resource allocation models for the financing of sustainable development. On the table in the UN are several initiatives that are new or concern other administrative branches and actors. They aim to guarantee that the funds will serve the needs of sustainable development and that financial flows are of high quality. Finland deems it important that public financing, official development assistance included, be seen as part of the resources required by sustainable development, and that attention be drawn to the financial flows associated with trade, investments, borrowing and taxation, and to their sustainability. It is to be expected that the UN will lay the ground for new practices and financing quality standards. Finland should also actively influence them.

At the same time it is important to recognise the economic and other influencing mechanisms that delay, hamper and impede progress. The Government will actively promote the importance of national and international taxation systems supporting sustainable development financing with each country’s own, local finances. This involves controlling illicit international capital flows and aggressive tax hedging, among other things, by increasing the reporting of international corporations and openness.

As part of international development policy transformation the OECD is also engaging in a lively debate regarding the definition of official development assistance. Finland deems it important to participate in this debate and, simultaneously, take care of sufficient and stable public development cooperation financing in the future as well, so that development policy could achieve its goals. Even though the importance of public development cooperation is considered be limited, the public sector and public financing (which also means tax revenue) have an indispensable role.
in sustainable development financing. After all, it is states that are ultimately responsible for implementing human rights and allocating resources to it. Public financing is essential to many sectors, such as basic services which private financial flows neither target nor suit.

The sum total appropriated to Finland’s development assistance in 2014 is higher than ever before. In its decision on spending limits for 2015-2018 the Government, due to the state of the public economy, has had to further cut development assistance funds, as well; this resulted in a downturn in the appropriations for 2015. Finland will continue earmarking revenue from the emissions trade for development and climate financing. Finland also believes that it is important to seek new and innovative financing sources. The policy, as per previous commitments, of securing a steady development of appropriations within which the 0.7 per cent level of GNI can be reached, is still valid. The Government aims to preserve Finland’s reputation as a responsible and persevering actor who carries out successful work to improve the standing of the world’s poorest people.
POVERTY DECREASES THROUGH COMMON EFFORTS

Through its development policy and development cooperation Finland participates in the collective efforts of humankind to reduce poverty and to safeguard sustainable development. These common efforts do make a difference: poverty has diminished. However, there is yet much to be done. There are still 1.1 billion people living in extreme poverty.

At the core of Finland’s development policy lies the belief that every person has the right to a good life: a viable environment, education, security, health and welfare, adequate income and the possibility to influence matters.

In this Report the Government portrays the manner by which the agreed development policy programme-based actions generate results and includes some examples of these results.