

FINLAND

Development challenges as investment and business opportunities: Finland's policy and practices

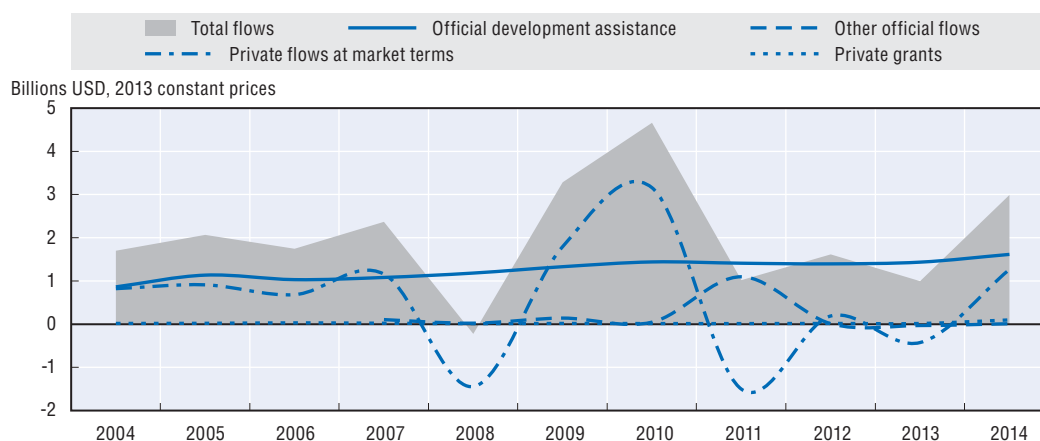
Finland leverages its ODA to support private sector investment in developing countries with a strong emphasis on aid for trade. Its Aid for Trade Action Plan 2012-15 aims to create decent jobs for all with four goals: 1) a sound business-enabling environment that promotes private sector activity; 2) developing countries benefit from international trade and investment; 3) economic activity is based on the sustainable use of natural resources; and 4) people's skills and knowledge produce innovative economic activity.

Finland's key private sector instruments – Finnpartnership, Finnfund and BEAM – are open to ODA-eligible countries. Finnfund, for example, offers long-term risk funding for commercially profitable investments. Since 2014, Finland has been focusing on innovation and base-of-the-pyramid inclusive business. BEAM – Business with Impact – is a joint innovations-for-development programme between the Ministry of Foreign Affairs and the Funding Agency for Technology. With the objective of improving poor people's welfare, BEAM supports innovation and knowledge-sharing between companies, civil society organisations, educational and research institutes, and other organisations.

According to the 2015 DAC Survey on Mobilisation (Benn et al., 2016), Finland mobilised USD 67 million from the private sector through syndicated loans and shares in collective investment vehicles in 2012-14, of which 89% targeted climate-related projects.

Financial flows from Finland to developing countries

Figure 16.1. Net resource flows to developing countries, 2004-14, Finland



Note: Data on other official flows are not available for 2005 and 2006.

StatLink  <http://dx.doi.org/10.1787/888933358667>

Finland uses ODA to mobilise other resources for sustainable development

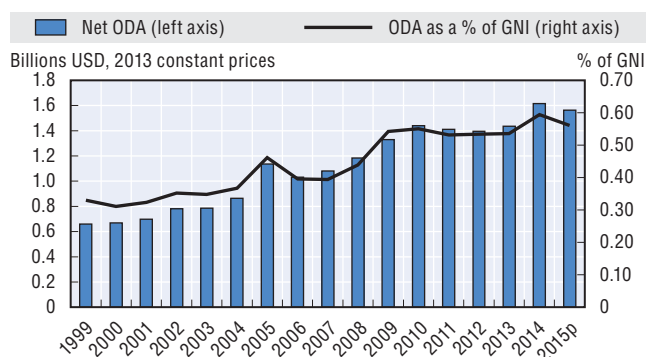
- **Finland contributes to the mobilisation of domestic resources in developing countries by supporting their tax systems.** Strengthening developing countries' national tax bases and enhancing corporate social responsibility of Finnish companies are among the key priorities of Finland's development policy. By signing the Addis Tax Initiative in 2015, Finland committed to doubling its tax support by 2020. Finland will actively take part in the OECD-led work on implementing the recommendations for new global tax rules.
- **It promotes aid for trade to improve developing countries' trade performance and integration into the world economy.** It committed USD 167 million to trade-related activities in 2014 (24.3% of its sector-allocable official development assistance [ODA]), an increase of 14.1% in real terms from 2013. The trend has been increasing over the past few years.
- **Finland has pledged USD 107 million (EUR 80 million) to the Green Climate Fund,** which plays a key role in channelling resources to developing countries and catalysing climate finance at the international and national levels. In 2015, Finland provided USD 1.8 million (EUR 1.6 million) to the Least Developed Countries Fund, which addresses urgent and immediate adaptation needs and supports national adaptation planning processes to reduce medium and long-term vulnerability to the impacts of climate change.

Finland's official development assistance

In 2015, Finland provided USD 1.3 billion in net ODA (preliminary data), which represented 0.56% of gross national income (GNI) and a fall of 5.7% in real terms from 2014. Finland is the 7th largest Development Assistance Committee (DAC) provider in terms of ODA as a percentage of GNI, and the 17th in terms of volume. In 2015, the government decided to cut the budget for development co-operation by EUR 200 million annually starting in 2016. An additional EUR 130 million of grant aid will be converted into loans and capital investment for developing countries. At the same time, Finland, like other EU member countries, committed in 2015 to provide 0.7% of GNI as ODA by 2030. The share of Finnish ODA that is untied (excluding administrative costs and in-donor refugee costs) has increased, from 77.6% in 2013 to 90.4% in 2014, compared to the 2014 DAC average of 80.6%. The grant element of total ODA was 100% in 2014.

Finland reported USD 16.1 million of its in-donor refugee costs as ODA in 2014. These costs represented 1% of its total net ODA.

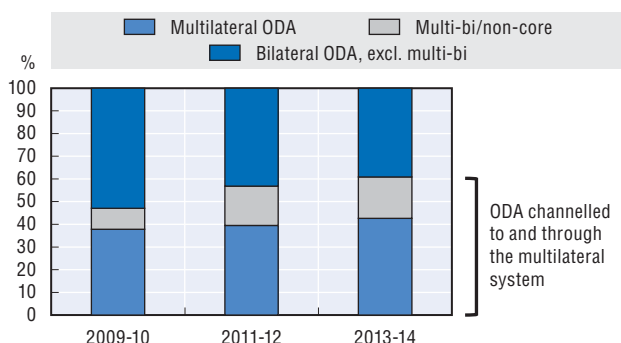
Figure 16.2. Net ODA: Trends in volume and as a share of GNI, 1999-2015, Finland



StatLink <http://dx.doi.org/10.1787/888933358679>

In 2014, 57.4% of ODA was provided bilaterally. Finland allocated 42.6% of total ODA as core contributions to multilateral organisations, above the DAC country average of 28.3%. In addition, it channelled 34.8% of its bilateral ODA for specific projects implemented by multilateral organisations (multi-bi/non-core).

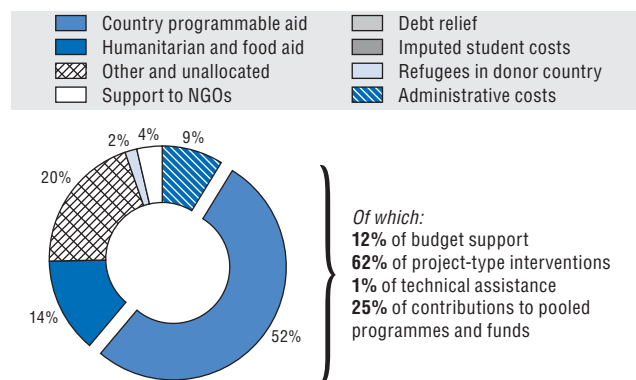
Figure 16.3. Share of ODA channelled to and through the multilateral system, two year averages, gross disbursements, Finland



StatLink <http://dx.doi.org/10.1787/888933358685>

The share of bilateral ODA provided by Finland that was programmed at partner country level was 52.4%. Finland's share of country programmable aid (CPA) was close to the DAC country average (52.9%) in 2014. Project-type interventions accounted for 62% of CPA.

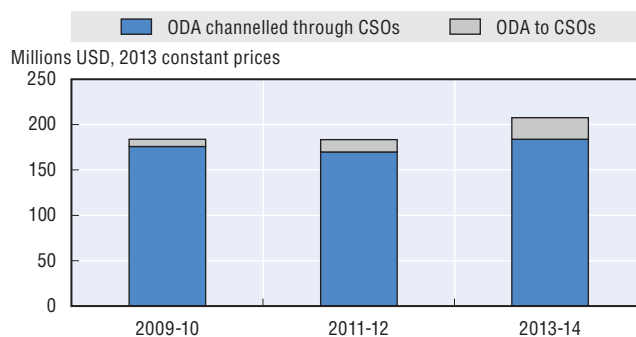
Figure 16.4. Composition of bilateral ODA, 2014, gross disbursements, Finland



StatLink <http://dx.doi.org/10.1787/888933358698>

In 2014, USD 214.5 million of bilateral ODA was channelled to and through civil society organisations (CSOs). ODA channelled to and through CSOs increased between 2013 and 2014 in terms of volume (+4.3%), but decreased as a share of bilateral aid (from 24.7% in 2013 to 22.9% in 2014). The share provided in 2014 is higher than the DAC average of 17.4%.

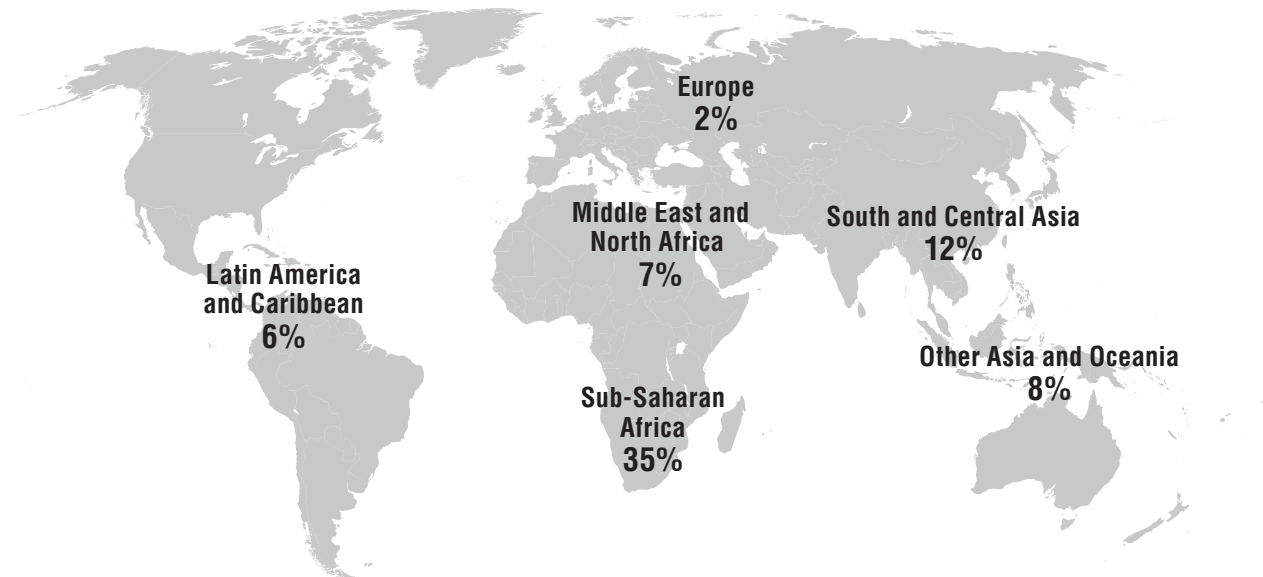
Figure 16.5. Bilateral ODA to and through CSOs, two year averages, gross disbursements, Finland



StatLink <http://dx.doi.org/10.1787/888933358703>

Bilateral ODA was primarily focused on sub-Saharan Africa and south and central Asia. In 2014, USD 324.1 million was allocated to sub-Saharan Africa and USD 114.3 million to south and central Asia.

Figure 16.6. **Share of bilateral ODA by region, 2013-14 average, gross disbursements, Finland**

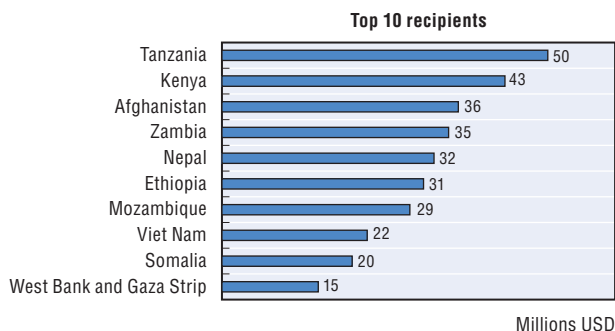
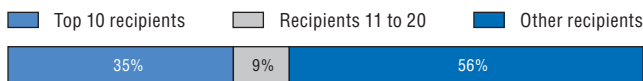


Note: 32% of bilateral ODA allocated was unspecified by region in 2013-14. This share is not represented on the map.

StatLink <http://dx.doi.org/10.1787/888933358719>

In 2014, 37.1% of bilateral ODA went to Finland's top 10 recipients. Its seven long-term partner countries are among its top 10 recipients of bilateral ODA. In 2014, Finland's support to fragile states reached USD 310.5 million (33.1% of gross bilateral ODA).

Figure 16.7. **Bilateral ODA to top recipients, 2013-14 average, gross disbursements, Finland**

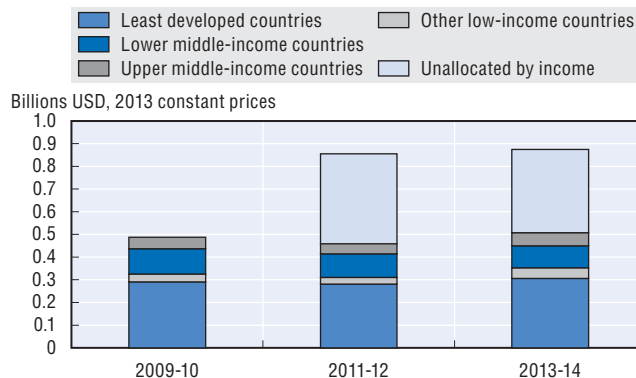


StatLink <http://dx.doi.org/10.1787/888933358725>

The share of bilateral ODA that was allocated to least developed countries (LDCs) was 34.7%, amounting to USD 325.1 million in 2014. The share decreased slightly from 35.4% in 2013, but remains higher than the 2014 DAC average of 25.6%. LDCs received the highest share of bilateral ODA compared with other income groups in 2014, noting that 40.6% was unallocated by income group.

At 0.21% of GNI in 2014, total ODA to LDCs was above the UN target of 0.15% of GNI.

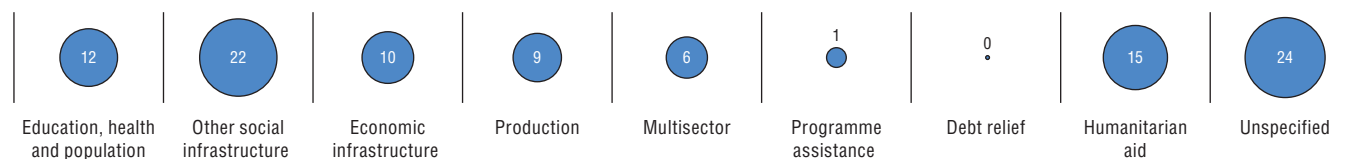
Figure 16.8. **Bilateral ODA by income group, two year averages, gross disbursements, Finland**



StatLink <http://dx.doi.org/10.1787/888933358737>

In 2014, 35% of bilateral ODA was allocated to social infrastructure and services, amounting to USD 284.9 million, with a strong focus on support to government and civil society (USD 123.5 million) and education (USD 60.8 million). USD 108.5 million was allocated to humanitarian aid.

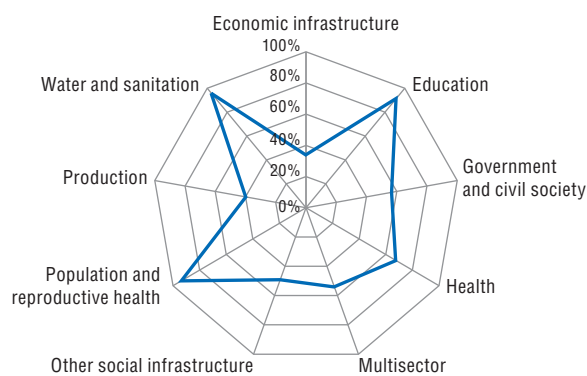
Figure 16.9. Share of bilateral ODA by sector, 2013-14 average, commitments, Finland



StatLink <http://dx.doi.org/10.1787/888933358745>

USD 302.6 million of bilateral ODA supported gender equality in 2014. Finland is committed to integrating gender equality into its projects and programmes and the priority areas for its work on gender equality and women's empowerment are: economic empowerment, gender and climate, women, peace and security. In 2014, 44% of its bilateral allocable aid had gender equality and women's empowerment as a principal or significant objective, compared with the DAC country average of 34.7%. This is also an increase from 41.3% in 2013 and 25.4% in 2009. Finland's aid to water and sanitation, population and reproductive health, and education focuses on gender.

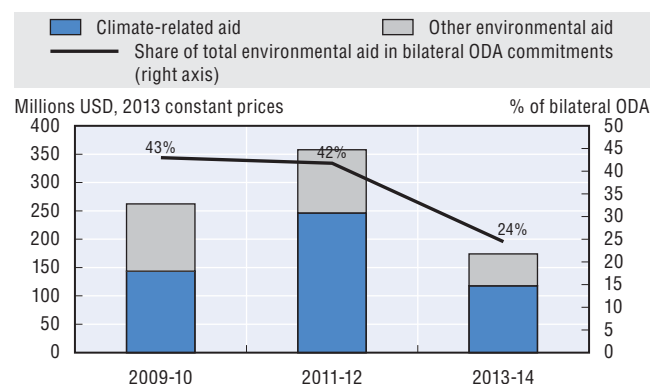
Figure 16.10. Share of bilateral allocable ODA in support of gender equality by sector, 2014, commitments, Finland



StatLink <http://dx.doi.org/10.1787/888933358758>

USD 188.6 million of bilateral ODA supported the environment in 2014. Sustainable use of natural resources, including food security and access to water and energy, is one of the four priorities of Finland's development policy updated in 2016. This priority is well in line with SDGs 2, 6, 7, 13 and 15. Adaptation and mitigation measures to climate change are an important part of this work. In 2014, 27.4% of its bilateral allocable aid focused on the environment and 18.5% (USD 127.3 million) focused on climate change, compared with respective DAC country averages of 32.2% and 23.9%. There was a sharp decrease in the share and volume of total environmental aid between 2011-12 and 2013-14.

Figure 16.11. Bilateral allocable ODA in support of global and local environment objectives, two year averages, commitments, Finland



StatLink <http://dx.doi.org/10.1787/888933358766>

Note to reader: Annex B provides "Methodological notes on definitions and measurement for the Profiles of Development Assistance Committee members".



From:

Development Co-operation Report 2016

The Sustainable Development Goals as Business Opportunities

Access the complete publication at:

<http://dx.doi.org/10.1787/dcr-2016-en>

Please cite this chapter as:

OECD (2016), "Finland", in *Development Co-operation Report 2016: The Sustainable Development Goals as Business Opportunities*, OECD Publishing, Paris.

DOI: <http://dx.doi.org/10.1787/dcr-2016-22-en>

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to rights@oecd.org. Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at info@copyright.com or the Centre français d'exploitation du droit de copie (CFC) at contact@cfcopies.com.