

Reporting to CSD-16; Africa

Poverty reduction in Finland's development cooperation in Africa

According to the Development Policy Programme, implemented during the previous Government's term of office (2004-2007), Finland's long-term partner countries in Africa are Ethiopia, Kenya, Mozambique, Zambia and Tanzania. The development policy programme reconfirmed Finland's commitment to the implementation of the UN Millennium Declaration and its central development objective, the eradication of poverty. Other main principles include

- Commitment to the values and goals of the UN Millennium Declaration
- Broad national commitment and coherence in all policy areas
- Commitment to a rights-based approach.
- The principle of sustainable development
- The concept of comprehensive financing for development
- Partnerships for development
- Respect for the integrity and responsibility of the developing countries and their people.
- Long-term commitment and transparency

Cooperation with Finland's long term partner countries is based on the national Poverty Reduction Strategies (PRSs). Finland's support focuses on two or three sectors. In the long-term partner countries, project-type cooperation is complemented by sectoral support and in Mozambique, Zambia and Tanzania by budget support. Egypt and Namibia, which are currently middle income countries, belong to the group of countries in transition, in which grant-based assistance will be replaced by more diversified forms of cooperation. Cooperation of limited duration is conducted in the Republic of South Africa (RSA) and Sudan. Furthermore, regional cooperation is carried out in Southern Africa, in East Africa and in the Mediterranean region.

A new feature of the Development Policy Programme was more intensive country and sector-specific focusing. Furthermore and in line with the Paris Declaration, Finland has increased its programme-based cooperation i.e. funding of poverty reduction strategies and sectoral programmes through budget support or joint financing arrangements with other donors. Along with funding, dialogue with the Partner country is an essential part of programme cooperation which also contributes to the commonly shared objective, poverty reduction.

As an example of country- and sector-specific focusing as well as increased programme-based cooperation, see Table 1:

Table 1: Volume and sectors of Finnish aid in countries receiving budget support

Country	Finnish aid in 2006 Meur	Share of programme aid of total Finnish aid	Sectors (in addition to budget support)
Mozambique	22	80 %	agriculture, health, education
Zambia	15	60 %	agriculture, private sector development, environment
Tanzania	20	75 %	forest and environment, local governance, education

Table 1 reflects that with its long term partner countries, Finland is an active donor in agriculture, health, education and environment/forest sectors which all are important sectors in poverty reduction. Other sectors where Finland is active in Africa include water and sanitation (Ethiopia), good governance (Kenya), energy (Kenya) and ICT (South Africa). In reducing rural poverty, rural development projects are under way in Zambia, Mozambique and South Africa. In addition, Finland supports promotion of human rights and democracy through local NGOs in all its partner countries.

In connection with development assistance pledges given in the EU, Finland is committed to allocate at least 50% of the increase in the development cooperation appropriations to Africa, and especially to Sub-Saharan Africa. Concerning poverty reduction, this is of great importance, for the majority of the world's least developed countries (LDCs) are located in Africa.

In addition to bilateral cooperation, European Union's development policy is an integral part of Finland's development policy. Especially during Finland's EU Presidency, Finland pushed forward the agenda for enhancing aid effectiveness and policy coherence for development, including trade and development, as well as environment. Finland also aims to ensure that Community aid is directed to reducing poverty. Environment is also a cross-cutting theme in all EU's development cooperation, based on the EU's Development Policy Statement (European Consensus on Development) of 2005.

Finland's new Development Policy Programme is being prepared for the new Government's term of office, which commenced in April 2007. Finland's new government emphasises environment and climate change in its Government Programme. It is anticipated that along with the overall objective of poverty reduction, environmental issues and climate change will get even stronger emphasis in the new Development Policy Programme. In the upcoming years, this will have a direct impact on Finland's development co-operation.

Development cooperation related to environment - examples

Finland supports development cooperation related to the environment (including forests) in all its partner countries in Africa. At the moment, the cooperation is conducted in the form of projects in all other countries except in Tanzania and Mozambique. The cooperation has a variety of goals. The following goals, for example, have been identified: creation of preconditions for sustainable development (all countries), improvement of living environments in certain regions (Egypt, North Africa and Kenya), development of environmental administration (RSA, Kenya, Tanzania, Zambia, Egypt), enhancement of partner countries' capacities (Tanzania, Zambia, Kenya, Egypt), implementation of countries' own action plans (Tanzania, Zambia), clarification of forms of cooperation between the private and public sectors (Tanzania, Kenya, Egypt, Namibia), reduction of adverse effects to the environment caused by industries (Egypt), contribution to the efforts to bring environmental protection on a sustainable foundation in the Mediterranean region (Mediterranean Partner Countries), recipient countries' improved capacity to comply with the provisions of the Convention to Combat Desertification (North Africa) and safeguarding land ownership, and environmentally and socially sustainable land use (Tanzania).

Based on a rough estimate, more than seven million euros were channelled specifically to the environment (including forests) in 2006. In future, on account of the growth of support for Zambia and Mozambique, in particular, the value of the annual amount of support will probably rise to about 15 million euros. At present, the biggest recipient is Tanzania, with 3.9 million euros in 2006.

As an example, in Zambia, Finland has supported forest projects and will focus increasingly on the environment, which is one of the main sectors of Finnish support. In connection with the donors' division of labour in their Joint Assistance Strategy (JASZ), Finland is a lead donor in the

environmental and natural resources sector. Consequently, Finland has entered into dialogue with the Zambian Government on behalf of all other donors, laying an emphasis together with the Zambian partner on the need to develop the capacity of the Ministry of the Environment and the preparation of a sector strategy.

Since 2001, Finland has supported the preparation and implementation of a national forest programme in Tanzania. A sector-wide approach (SWAP) was launched in 2006 and, in the framework of the programme, Finland's support is targeted at the implementation of the action plans of the Natural Resources and Local Government Ministries, forest inventories, clarification of forms of cooperation between the private and public sectors and the promotion of good governance.

Egypt is one of the countries in transition in terms of Finland's development cooperation. Environmental cooperation has been one of the priority areas of development cooperation since 1970s. Finland has supported the construction of the first hazardous waste treatment plant in Alexandria and, in El Annania, a sewage project is under way. Diversification of cooperation will continue in the upcoming years, since bilateral grant-based development cooperation will cease in 2007. Plans are made to launch a few environmental projects to be possibly supported by concessional credits. During the transition period, studies have been made on, for example, the feasibility of commercial projects in the environmental sector in cooperation with Ecolabel Plc and the Finnpartnership programme. The main emphasis in these projects would be in the export of clean technology.

Support related to projects to reduce emission in the context of the Clean Development Mechanism (CDM) has been discussed with, for example, Ethiopia and as a part of a forest programme in Tanzania. The purpose of a rural development project in Mozambique is to find out if the CDM could somehow be implemented in the province of Zambezia. Egypt and Zambia have also expressed interest in CDM cooperation with Finland. Finland also supports the Nairobi Framework (CDM capacity building) in East Africa and IUCN's Climate Change and Development project in Zambia.

Regional cooperation initiatives

In addition to country-specific cooperation, Finland also supports regional environmental cooperation in the Mediterranean. The support is channelled through the World Bank, UNEP and UNDP. Support has been targeted to the protection of the environment in the Mediterranean region, waste management, the implementation of the UN Convention on Desertification and, as from this year, also to the regional programme to reduce industrial pollution and carbon dioxide emissions.

As a part of the regional cooperation, Finland has supported, for example, SADC (South African Development Community) countries' forest colleges and SADC gene banks. One protection project concerning a catchment area has been long under preparation. The cooperation with SADC will be intensified especially related to such themes as trade and development (e.g. support to Economic Partnership Agreements) and environment and development. In the framework of the regional cooperation, support is also given to a project related to the water use of the Nile catchment and drainage basin.

Challenges for the future

In practice one of the major challenges is a systematic mainstreaming of environmental issues to both all development cooperation and to other policy areas. In addition, a positive challenge is a regular inclusion of environmental issues to the policy dialogue with the Partner Country. More analysis of cooperation's environmental impacts and tools for mainstreaming environmental themes are needed.