



Survey on International Support Measures specific to the Least Developed Countries (LDCs) related to Bilateral Official Development Assistance (ODA)

Finland

SUMMARY RESULTS

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and the Committee for Development Policy (CDP) Secretariat***

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* This summary was prepared by the DESA/CDP Secretariat, based on the survey response submitted by Finland. The content, findings, interpretations, and conclusions as expressed in this summary reflect the views of its authors, and do not necessarily represent the views of the United Nations or Finland. The views presented in this document should not be considered as the official position of neither the United Nations nor Finland.

A. ODA Commitments and flows

The Programmes of Action for the Least-Developed Countries (LDCs) aim at improving human conditions of the population of the LDCs and provide frameworks for partnership between LDCs and their development partners.^a

At the first United Nations Conference on the LDCs in 1981, the members of the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) committed themselves to allocating 0.15 per cent of their total gross national income (GNI) (including funds channelled through international organizations) to LDCs.^b In the 2001 Conference, all donor countries reaffirmed their commitment to make their best efforts to accelerate their endeavours to reach the target. Meanwhile, donor countries that had already met the 0.15 per cent target undertook to reach the 0.20 per cent target promptly.^c

a See General Assembly, A/CONF.191/13, 20 September 2001.

b See *Strengthening International Support Measures for the Least Developed Countries*, Policy Note, UN/DESA/CDP, August 2010, p.13-14.

c Goal 28-30, A/61/82, p.25.

Annex Table 1 describes Finland's total net ODA flows, the ODA flows to LDCs as a share of total ODA, and the net ODA-to-GNI ratio.

Country response

Finland has steadily increased its financial assistance to LDCs over the period 2001-2010, raising it from €252 million in 2005 to €446 million in 2009 (which accounted for nearly 48% of Finland's total ODA allocations). Finland intends to raise its aid to LDCs even further, and has committed to reach the 0.15% ODA target as a percentage of GNI.

B. LDC status and ODA priorities

The United Nations Committee for Development (CDP) uses the following criteria to identify LDCs: low-income levels, as determined by GNI per capita; weak human resources, as measured by the Human assets Index (HAI); and high economic vulnerability, as defined by the Economic Vulnerability Index (EVI).^d Donors may consider the LDC criteria for establishing ODA priorities and allocation.

^d See the *"Handbook on the Least Developed Country Category: Inclusion, Graduation and Special Support Measures"*, UN/DESA/CDP, 2008.

Country response

Finland takes into consideration all indicators used as main criteria for identifying LDCs, along with other indicative but not as decisive measures, in order to establish its ODA's priorities and allocation.

There is no clear-cut difference as such between assistance provided to LDCs and other partner countries, but LDCs have become a priority for the Finnish Government since it has been using the above-mentioned criteria to apply its aid allocation. The percentage of the Finnish official development assistance reserved for LDCs has grown steadily and should increase even further in the near future.

Finland gives priority in its ODA allocation to the following LDCs: Ethiopia, Mozambique, Nepal, Tanzania, and Zambia. Those five countries have been selected on the basis of the five following factors used when planning and programming for Finnish cooperation aid:

- i. Country's needs for assistance (poverty level and state of environment)
- ii. Aid already received from other donors, level of development funding, joint programming processes, role of multilateral actors and the EU
- iii. Political situation and ownership of processes: human rights situation, commitment to deal with development challenges and to build an enabling environment for development, role of civil society
- iv. Added value provided by Finland and its administrative capacity for successful cooperation
- v. Status of Finland's development policy priorities in the country's development plan

C. Grant element, tied aid and conditionalities of ODA to LDCs

In the 1978 Recommendation on Terms and Conditions of Aid, DAC members agreed on a series of measures designed to improve the overall financial terms of aid, either by increasing the share of grants, or by reducing the interest rate or lengthening the repayment period of loans. DAC members agreed to raise the overall grant element of aid to 86 per cent, with special provisions in the case of LDCs.

With regard to the tying of aid, OECD-DAC members adopted, in 2001, a recommendation to untie much of the ODA to LDCs. Untied aid is defined as ODA in the form of loans and grants whose proceeds are fully and freely available to finance procurement from all OECD countries and substantially all developing countries. The 2005 Paris Declaration on Aid Effectiveness reiterated the 2001 DAC Recommendation and envisaged that progress in untying be monitored.^e

^e See the *Paris Declaration on aid effectiveness: Ownership, Harmonization, Alignment, Results and Mutual Accountability*, OECD/DAC, 2005.

Country response

Finland's bilateral ODA to LDCs is already almost completely untied: according to the DAC Creditor Reporting System, Finland's total bilateral ODA to LDCs covered by the 2001 Untying Recommendation amounted to US\$194 million in 2008, out of which tied aid amounted to US\$0.9 million.

D. LDC-specific bilateral support programmes

LDC-specific bilateral support measures can be provided in the form of special funds and programmes, cooperation activities, training activities, and other modalities (excluding WTO-related technical assistance and support to the Integrated Framework for trade-related technical assistance to LDCs, as these are dealt with under a separate survey).

Country response

Finland does not have any LDC specific bilateral support measures in place.

E. LDC-specific multilateral support measures

Multilateral support measures that are specific for LDCs could be provided through multilateral technical assistance funds, or Trust Funds of international organizations to facilitate the participation of LDCs in international meetings.

Country response

Finland contributed €1.6 million to the Least Developed Countries Fund (LDCF) operated by the Global Environment Facility (GEF), which was established to support the preparation and implementation of National Adaptation Programmes of Action (NAPAs) in LDCs. During the period 2007-2010, Finland also contributed €600,000 to the UNCTAD LDC Trust Fund.

Finland lent financial assistance to various trust funds set up by international organizations to facilitate the participation of LDCs in international meetings. Thus, it donated US\$30,000 in 2005 to the trust fund established for the United Nations Conference on Sustainable Development (UNCSD). In 2010, it granted US\$50,000 to finance the participation of LDCs in the Istanbul Conference, which was to be held in 2011.

F. Graduated and graduating countries: objectives and policies concerning Cape Verde, Maldives and Samoa

The General Assembly resolution 59/209^f of 28 February 2005 on the Smooth transition strategy for countries graduating from the list of least developed countries urges "all development partners to support the implementation of the transition strategy and to avoid any abrupt reductions in either ODA or technical assistance provided to the graduated country". In the same resolution, the General Assembly also invites "the graduating country, in cooperation with its bilateral and multilateral development and trading partners and with the support of the United Nations system, to prepare, during the three-year period, a transition strategy to adjust to the phasing out [...] of the advantages associated with its membership on the list of least developed countries."

Cape Verde graduated from the list of LDCs in 20 December 2007 (A/RES/59/210).

^f See General Assembly Resolution 59/209, 28 February 2005.

Annex Table 2 describes Finland's net bilateral ODA disbursements to Cape Verde.

Maldives graduated from the list of LDCs in 1 January 2011 (A/RES/59/210 and A/RES/60/33).^g

In accordance with General Assembly resolutions A/RES/59/209 and A/RES/62/97, Samoa was scheduled to graduate from the list in December 2010 but the General Assembly extended the transition period by an additional three years, until 1 January 2014, due to the disruption caused to Samoa by the Pacific Ocean tsunami of 29 September 2009 (A/RES/64/295).

^g Maldives was a graduating country when this survey was taken.

Country response

Finland has not established any specific ODA objectives and policies relating to Cape Verde nor does it have direct bilateral programming with that country. Finland

does not hold an official representation in Cape Verde. It does not fund development cooperation in Cape Verde and does not support any NGO working in that country.

Annex Table 3 describes Finland's net bilateral ODA disbursements to Maldives and Samoa.

Country response

As for the case of Cape Verde, Finland does not have any specific ODA objectives and policies relating to Samoa nor does it have direct bilateral programming with that country. However, Finland has granted the Maldives a subsidized credit from 1996 to 2009.

ANNEX

Table 1: Overview of Finland's total net ODA flows (bilateral and imputed multilateral flows)

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Net ODA (current US\$, millions)	370.84	389.00	462.19	558.49	679.87	901.94	834.40	981.34	1 165.73	1 290.18
Share of ODA flows to LDCs on total ODA (per cent)	31.60	32.30	34.90	34.10	32.60	27.70	36.00	37.20	35.20	34.90
Net ODA to LDCs (percentage of GNI)	0.09	0.10	0.12	0.11	0.09	0.13	0.15	0.15	0.15	0.19

Table 2: Finland's net bilateral ODA disbursements to Cape Verde

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008
Net bilateral ODA (current US\$, millions)	0	0	0	0	0	0	0	0	
Share of grants in gross bilateral ODA (per cent)	-	-	-	-	-	-	-	-	

Table 3: Finland's net bilateral ODA disbursements to Maldives and Samoa

Year		2000	2001	2002	2003	2004	2005	2006	2007	2008
Maldives	Net bilateral ODA (current US\$, millions)	0.00	0.03	0.00	0.06	0.02	0.05	0.08	0.37	
	Share of grants in gross bilateral ODA (per cent)	-	100.00	-	100.00	100.00	100.00	100.00	100.00	
Samoa	Net bilateral ODA (current US\$, millions)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
	Share of grants in gross bilateral ODA (per cent)	-	-	-	-	-	-	-	-	