

**Global Forum on Agriculture: Policy Coherence for Development
30 November-1 December 2005, Paris, France**

Session 1. SETTING THE SCENE

POLICY COHERENCE FOR DEVELOPMENT: MAKING IT WORK

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1. The development policy of Finland - focus on coherence

Common goals for the common good

In today's world, people and states depend on each other and influence each other's well-being in many different ways. As a responsible member of the international community, Finland promotes development and a more equitable division of the benefits of globalisation. This is our responsibility, but in this way we also construct the security, economic growth and the fundamental well-being of our own society.

Since the beginning of the 1990s, the international community has been shaping a common understanding of development problems and of the means to solve them. This process culminated in the UN Millennium Summit and the resulting Millennium Declaration. The WTO's Doha ministerial meeting, the Monterrey International Conference on Financing for Development and the Johannesburg World Summit on Sustainable Development as well as New York World Summit 2005 further specified common goals and means and promoted implementation of the Millennium Declaration.

Developing countries themselves bear primary responsibility for their own development. The Monterrey Conference examined financing for development in a more comprehensive perspective than before. Development financing includes developing countries' domestic financing, private sector investment, trade, the question of debt, and conventional development cooperation funding. At Monterrey, the developing countries committed themselves to economic and political reforms, and the industrialised countries, on their part, to improving access to markets for developing countries' products, to resolving the debt problem and to increasing development aid.

Joint commitment to the reduction of poverty means that the policies of the industrialised countries will have to be considered in a more comprehensive manner. New types of international indicators are being developed in order to compare different countries. This comparison is based on factors such as the level of development aid and the harmonisation of procedures, trade with and investments in developing countries, protection of the environment, immigration policy and contributions to the promotion of peace and security.

New concept of development policy

Development policy refers to coherent activity in all sectors of international cooperation and national policy that have an impact on the status of developing countries, including security, human rights, trade, environment, agriculture and forestry, education, health and social, immigration, and information society policies.

Development cooperation is a key instrument of development policy. It can be used to promote the strengthening of an environment conducive to development in the poorest countries in order to improve the premises for investments and trade and to achieve economic growth.

The following are the main principles of the new development policy:

- 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. This means that the realisation of the rights of the individual as defined by international human rights agreements is taken as the starting point in Finland's development policy.
- The principle of sustainable development
- The concept of comprehensive financing for development
- Partnerships for development. Partnerships based on participation by the public and private sectors and civil society, both at the national level and internationally, are a sine qua non for development.
- Respect for the integrity and responsibility of the developing countries and their people. States themselves bear responsibility for their own development. Finland's contributions are directed towards supporting each country's own efforts.
- Long-term commitment and transparency. Finland adopts predictable long-term solutions, and communicates all activities and plans in a transparent manner. This applies both to the financing and the contents of policy.

Finland uses the instruments of development cooperation, trade and security policy, as well as other national policies in a coherent manner. The activities of the public sector alone are not sufficient; there is also a need for cooperation and partnerships with the private sector, civil society, expert organisations and interest groups. Finnish people give their strong support to improving the circumstances of people in developing countries. The best way to ensure this support also in the future is to continue to improve the quality, efficiency and effectiveness of Finnish development policy.

The foremost threats to security today are armed conflicts, crises and instability with all the eventual repercussions; terrorism, the spread of weapons of mass destruction, cross border crime, drugs, HIV/AIDS, environmental destruction and uncontrolled migration. Development policy instruments can be used to help avert these threats.

In line with the Government Programme, Finland seeks to take the interests of developing countries better into consideration in the WTO's Doha round of trade negotiations, while also seeking to promote the position of developing countries with the instruments of trade policy. Trade is important for economic growth in developing countries, and thereby for the reduction of poverty. In bilateral and multilateral cooperation Finland stresses that improving the necessary conditions for trade should be one of the main components of poverty reduction strategies. All this is also in Finland's own long-term trade interests.

Finland's responsibility and goals

The main goal of Finland's development policy is to contribute to the eradication of extreme poverty from the world. Activities that help to achieve this goal include prevention of environmental threats; promotion of equality, human rights, democracy and good governance as well as increasing worldwide security and economic interaction, which originally became part of Finland's policy in development cooperation in the 1990s. Finland is committed to a rights based approach and to the principles of sustainable development in its development policy. Finland bears its own share of the responsibility for creating the global partnership called for by the Millennium Declaration, in which developing countries are committed to the reduction of poverty and in which they themselves bear the main responsibility for developing their own societies, while industrialised countries are committed to supporting this process by means such as development aid, trade and private sector investment.

Thus, in practice, the Government of Finland will

- Increase funds for development cooperation in accordance with its programme so that based on the present estimation of national income growth, they will be at the level of about 0.44% of GNI in 2007;
- Develop the content, quality and administrative framework of development cooperation so that it will be possible to achieve a level of 0.7% of GNI by 2010;
- Increase the efficiency, effectiveness and impact of development cooperation by concentrating activities and working for the harmonisation of donor procedures;
- Encourage people in Finland to support the values and goals of the Millennium Declaration and the fulfilment of Finland's obligations;
- Promote economic growth in developing countries together with an equitable distribution of income;
- Support endeavours to help the poorest developing countries gain influence in international forums, particularly emphasising cooperation with African countries;
- Work to strengthen the multilateral system and to increase the effectiveness of the UN;
- In accordance with the Government Programme, give more consideration to the interests of the developing countries in WTO trade negotiations and help to enhance the developing countries' bargaining position by improving their trading capacity and promoting the inclusion of trade issues in their own poverty reduction strategies;
- Support the effective implementation of debt management programmes for developing countries, with special interest in ensuring the sustainability of debt and aid received by developing countries;
- Improve cooperation between public institutions in Finland to increase the coherence and effectiveness of Finland's development policy;
- Urge Finnish companies to participate in achieving the Millennium Development Goals, and encourage them to direct their interests and activities towards the poorest developing countries,

and, with a view to this, promote cooperation and partnerships between the public and private sectors;

- Promote the access of developing countries to new technologies including information technologies, and identify, together with the private sector, solutions in information and communications technologies which are appropriate for the poorest developing countries.

Finland's strengths and the focus of activities

Our own experience of the development of Finnish society in five decades from a poor country with small production capacity, and recovering from two wars, into one of the world's most competitive welfare and information societies, also provides a firm foundation for involvement in international development policies. Finns have learnt that security and stability, both inside the country and in the surrounding regions, are prerequisites for development. Respect for human rights, democracy and good governance create a social environment that enables well-balanced development. Equal participation of women and men in the functions of society is one of the ingredients of our own success, as is care for the environment.

Responsible economic growth led by the private sector in conjunction with an equitable distribution of income provides society and its members with resources for economic development. Sustained long-term investment in education, health, social services and the wellbeing of children and young people has borne fruit in our country.

With regard to its own participation, Finland must consider the value that it can contribute to international development. On the one hand, this value added arises from Finland's own cultural history and experiences as outlined above, as well as the values rooted in them, and, on the other hand, from the special strengths and skills that Finland has acquired in certain sectors.

The cross-cutting themes in the implementation of the Finnish development policy are:

- Promotion of the rights and the status of women and girls, and promotion of gender and social equality;
- Promotion of the rights of groups that are easily marginalised, particularly those of children, the disabled, indigenous peoples and ethnic minorities, and promotion of equal participation opportunities for them;
- Consideration of environmental issues.

Finland's support for developing countries in implementing the Millennium Declaration in individual countries is guided by the poverty reduction strategies of the partner countries. Hence, Finland ensures that its inputs are channelled into development work that the partner countries manage themselves, and which is based on a deep understanding of each country's situation. Implementing the goals set requires creating an environment conducive to development.

Primarily, it is the developing countries themselves that are accountable to their own citizens for the socio-economic development programmes aiming at economic growth and reduction of poverty. Private-sector-driven economic growth and equality-promoting income distribution are fundamental to the reduction of poverty. Success requires true political will to create an operating environment that makes development possible. Respect for human rights, promotion of gender equality, social equality and democracy, good governance and sound economic management are essential cornerstones of development. Peace and security are prerequisites for achieving sustainable results.

Eradication of poverty calls for an environment in which public resources can be put to work together with the skills and resources of the private sector and civil society. It is becoming increasingly clear that development in individual countries depends on global and regional environments.

Finland contributes on all levels and in all sectors to creating an environment that is favourable to development and to private sector operations. Finland particularly directs its support to strengthening democratic institutions and the civil societies in developing countries, to developing local government, and to helping to combat corruption. Finland promotes cooperation between government bodies and employers and labour organisations in creating jobs and improving labour market regulations. By participating in conflict prevention, peacekeeping and civilian crisis management we take part in creating the basic necessities for the reduction of poverty.

Implementing, monitoring and evaluating development policy

The goals set in this development policy are ambitious. To achieve them will require work in Finland, in the partner countries and within the EU, the UN and other international forums. The Ministry for Foreign Affairs has overall responsibility for implementing the policy and for the coordination this necessitates, but other key parties are also involved, including various other ministries, government agencies and institutions as well as the private sector and NGOs. Continuous and comprehensive monitoring and evaluation are needed to implement the policy.

Development policy is a part of Finland's foreign policy. The goals and implementation of the development policy are part of the strategy and operational plan of the Ministry for Foreign Affairs, in which the main tasks of the Ministry are seen as the promotion of the security and well-being of Finnish people, the creation of a common international sense of responsibility and the reinforcement of peace, together with the responsibility for preparing and implementing Finnish foreign policy, including coordination of shaping the national principles of action. The implementation of the development policy is monitored as part of the Ministry's overall goals using the Ministry's internal monitoring systems.

Cooperation within the Ministry for Foreign Affairs and among the authorities will be further improved to promote coherence in the development and monitoring of the policy. The Ministry's internal systems for implementing and monitoring development policy will be consolidated. A separate action plan has been prepared, specifying the targets and areas of responsibility. The Department for Development Policy monitors the implementation of the plan to ensure that the development policy is directly linked with framework and results budgeting and appropriation decisions.

The need for new strategies connected to certain sectors, themes or procedures has been considered when the implementation plan was prepared. The implementation is guided by the approved Strategy and Action Plan for Promoting Gender Equality 2003-2007 and the Strategy for Rural Development.

In planning cooperation, more systematic use will be made of the results of independent evaluations. Exceptionally comprehensive and varied independent evaluation material that was produced by the Ministry's own evaluation and research services and by international bodies was available for the preparation of the present resolution. Review and evaluation will be developed so that up-to-date information is always available to support policy and implementation.

The Development Policy Committee assesses the implementation of the policy. Its work is directed particularly to the achievement of policy coherence. The Committee reports annually to the Government on the implementation of Finland's development policy and the factors affecting it. The Committee's proposals are taken into account in the annual planning of the implementation of the policy. To help it in its tasks, the Committee calls on representatives from different ministries to serve as permanent experts.

The UN reviewed the implementation of the Millennium Declaration in September 2005 and Finland made its first interim review of work for the achievement of the goals. At the end of its present term of office in 2007, the Government will arrange for an independent assessment of the realisation of the aims of its development policy. In international cooperation, Finland takes an active part in developing the contents, quality and effectiveness of the development policy especially within the framework of the OECD Development Assistance Committee (DAC). Finland's next OECD/DAC review of development cooperation is expected to take place in late 2007.

2. Achieving the goals of development policy by increasing coherence

The development policy perspective affects many areas of policy

Achieving the aims of development policy requires improved policy coherence in national policies, multilateral cooperation and EU policies. Coherence in practical implementation also needs to be increased through better cooperation among authorities. The development policy perspective needs to be included in all the programmes and reports in which Finland's policies in issues affecting development are defined.

Together with the drafting of this policy, work was started in the Ministry for Foreign Affairs, amongst various public sector institutions, and with other stakeholders, to deal with the challenges posed by the need for coherence. This work shall be continued. Government officials are well acquainted with the Millennium Declaration, and its goals are considered important. This common commitment should lead to a systematic analysis of the challenges of coherence. The policy changes required in each area of activity are to be mapped out and specified with the aim of:

- Finding mutual interests of Finland and the developing countries and adopting effective ways to promote them; and
- Identifying potential conflicts. Awareness of the existing contradictions in the national policy will create opportunities to deal with them and to draw up new operational guidelines.

Exchange of information, cooperation and interactive mechanisms among officials must be strengthened further. There are already regular theme-based groups in which officials from different ministries work together. Such arrangements will now be made increasingly to deal with development policy issues which are inter-ministerial in nature. The Ministry for Foreign Affairs shall also investigate how the overall harmonisation of development policy amongst official bodies can be achieved effectively without unnecessarily increasing the administrative burden.

Finland supports the multilateral system

Part of Finland's development policy is to strengthen the multilateral system, to increase its operational capabilities and to improve the opportunities of developing countries to have an impact. Through the multilateral system, norms and guidelines are created for international cooperation, environments conducive to development are strengthened at global and regional levels, and support is given to the efforts made by developing countries themselves. The multilateral system secures the position of small countries and improves their prospects for exerting an influence.

The multilateral system provides the best forum for dealing with international development issues in a comprehensive, cross-sectoral and pluralistic way. The multilateral system has become increasingly significant through globalisation. There is a strong international consensus about the Millennium Declaration and the Millennium Development Goals. This consensus was further reinforced at the Doha ministerial conference as well as at Monterrey, Johannesburg and New York summits.

Finland considers that the resources of the multilateral system should now be concentrated on activities to implement the jointly agreed goals. The credibility of the UN and of the multilateral system depends on the ability to fulfil joint commitments in practice. Naturally, responsibility for implementing decisions also lies with national actors.

Finland strives to strengthen the operational capability of the multilateral system and supports the reforms set in motion by the Secretary General of the United Nations. The international financial institutions that work alongside the UN, and particularly the World Bank, also play an important part in carrying out the commitments of the Millennium Declaration. The Asian economic crisis showed how instability in the international economic system can plunge millions of people into poverty. Thus, the International Monetary Fund has considerable direct responsibility for the reduction of poverty through the maintenance of stability in the international economic system and the prevention of crises. Finland finds it essential that the UN, the international financial institutions and the WTO work even more closely together.

The chairmanship of the UN Economic and Social Council (ECOSOC) in 2004 offered Finland an excellent opportunity to address development issues in a coherent manner and to promote cooperation. Finland will also intensify its work in the OECD and its Development Assistance Committee. As a comprehensive organisation for economic cooperation and development, the OECD provides exceptional opportunities for dealing with cross-sectoral issues that promote coherence in development policy.

The Helsinki Process

In today's world, there is a clear need to facilitate and complement inter-governmental negotiations with open and equal dialogue between all stakeholders in seeking for new joint methods for managing globalisation.

The Government of Finland wants to improve the conditions for managing globalisation, to extend the benefits of globalisation more equally to all, and to mitigate its negative impacts. Finland continues to cooperate with Tanzania in the Helsinki Process, promoting broad based international discussion about a more equitable management of globalisation. The Helsinki Process is a forum that brings together governments from the South and the North, international organisations, the private sector and civil society, and offers opportunities for open, unprejudiced and pluralistic dialogue. The aim is to develop concrete proposals and strategies for promoting the implementation of the UN Millennium Declaration and the results of the Doha, Monterrey and Johannesburg conferences. Finland is prepared to utilise the results of the Process in bilateral and international connections, including the EU. In the long-term, the process is to achieve a more balanced, democratic and rule-based management of globalisation within inter-governmental multilateral cooperation, particularly in international organisations.

Based on the results of the second Helsinki conference organised in Finland in September 2005 the process will be carried further in the form of specific round tables supported by Finland, Tanzania and other governments. At the same time a number of governments are committed to the further implementation of some of the Helsinki Process recommendations.

The ILO World Commission on the Social Dimension of Globalisation

The development perspective is one of the main features of the World Commission on the Social Dimension of Globalisation set up by the International Labour Organisation. The Commission was co-chaired by Finland's President Halonen and Tanzania's President Mkapa.

The Commission's point of departure is that globalisation is a process that should benefit people all over the world. The benefits and the disadvantages of globalisation should be evaluated expressly in terms

of how they affect people's daily lives. Globalisation is a process that can be controlled and can be guided by national, regional and international measures

The measures proposed by the Commission in its report require monitoring. The Government of Finland is prepared to promote in its activities the monitoring of the World Commission's recommendations on the social dimension of globalisation in fora appropriate for each issue. Multilateral development work is a particularly important sector of activity in this respect. The Government will assess which measures to use to bring to the fore internationally the themes raised by the report, and to promote the implementation of the Commission's recommendations.

Finland promotes policy coherence in the European Union

Many of the decisions that determine Finland's policy in development-related issues are made within the EU. Finland emphasises the coherence of different policy sectors in the national preparation of EU decision-making. Comprehensive preparation in Finland creates a good basis for achieving Finland's goal of influencing and increasing the coherence among the different areas of EU policies, and especially in its external relations and development cooperation.

The European Union has vastly increased the extent of Finland's contact with the countries of the world. As a member of the EU, Finland is involved in multi-sectoral dialogue with almost all countries, including developing countries. The EU is the major development cooperation partner of the developing countries as well as a significant trade partner. The EU also has a significant role globally. Finland works increasingly through the EU, and the EU has a direct impact on our national policies. EU membership has increased Finland's potential to influence global development; it has also increased our visibility in the international arena and enabled us to contribute to the quality of the relations between the EU and developing countries.

Within the EU, attention has been devoted to policy coherence ever since the 1960s but it still remains a greatly challenging issue. Finland promotes increased coherence in EU's external relations, in relations with developing countries, and among different policy sectors. This requires increasingly close cooperation at the national level in order to find areas of convergence on the issues dealt within the EU, and in order to be able to include the development policy perspective in Finland's positions on decisions affecting global development. Since Finland joined the EU, domestic preparation in EU sub-committees has served to shape a coherent national strategy.

Coherence in EU activities, effectiveness of aid and improved quality are prominent features in the three-year programme for the EU presidencies, which Finland will implement during its presidency in the second half of 2006.

Along with the opportunities it offers, membership of the EU also guides Finland's scope for making independent policy decisions for the benefit of developing countries. Trade policy and agricultural policy, for example, mostly fall within the EU's competence. This means that Finland's influence on various matters is through the EU and that Finland respects the fact that EU positions are defined on the basis of negotiations among all the EU member countries. Finland contributes and is committed to the compromises sought between the national interests of the member countries and that of global development.

Coherence between development and trade policies

Finland will increasingly take into account the interests of developing countries in the WTO's Doha round of trade negotiations. Strengthening the multilateral trading system requires the full participation of the developing countries. From the point of view of the poorest developing countries, it is important that

issues such as better access to markets for developing countries' products, impartial rules that also observe the special needs of the poorest developing countries, and the promised technical aid to strengthen their trading capacity, will also be carried out. Finland targets its support towards creating an operating environment favourable to trade and to resolving supply-side problems in developing countries. Finland will extend the range of instruments in its bilateral trade and economic relations, including the promotion of import from developing countries.

The globalisation and liberalisation of markets poses great challenges for developing countries, particularly for those that are least developed. On the one hand, globalisation opens international markets, enabling a rise in the standards of living and a decrease in poverty. On the other hand, the possibilities of the poorest developing countries to keep up with international competition may deteriorate considerably unless they are able to change the basic structures and institutional capabilities of their economies and societies and develop internationally competitive products and production capacity. Integrating developing countries into the international trading system can only take place if that system supports their own development goals. Finland respects the right of developing countries to resolve trade policy issues in their own interests.

In the light of its own experience, Finland considers that well-managed integration into international economy, of which foreign trade is an essential part, promotes economic and social development in poor countries. Finland is prepared to support, by means of trade policy and development cooperation, the opportunities of developing countries to benefit from international trade. A universal, rule-based and open multilateral trading system which takes the interests of all parties into account equally, will create the framework and conditions necessary for freeing trade and enabling all countries to benefit from its favourable impact on economic growth, employment and development. The issue of integration into the international trading system should be taken up in the national development programmes or poverty reduction strategies of the developing countries so that the integration takes place in a controlled way and its impact on the reduction of poverty will be ensured.

To complete successfully, the WTO's Doha round of trade negotiations, which started in 2001, particularly in terms of the consideration given to the poorest developing countries, is one of the main goals of Finland's trade and development policy during this Government's term of office. The strengthening of the multilateral trading system also requires the wholehearted participation of the developing countries. It is essential for the developing countries that, as acknowledged in the Doha Declaration, improved access of their products to international markets and balanced rules are implemented and the assured technical assistance is exploited effectively.

Agricultural issues are among the most important topics of the WTO's Doha round of negotiations. According to the Doha Declaration, the negotiations aim at obtaining considerable improvements in ensuring access for agricultural products to international markets, a gradual reduction of export subsidies with a view to phasing them out in all their forms, and a substantial reduction in trade-distorting domestic support. The preferential treatment of developing countries is an integral part of the negotiations. Both agricultural and so called 'non-commercial' concerns will be taken into account.

In the framework of the multilateral trading system, Finland works for improved consideration of the special needs of developing countries by promoting special benefits that support their integration into the trade policy system. Finland supports and finances initiatives that further implementation of the obligation to increase trade-related technical assistance and facilities. Finland supports the WTO's work on technology transfer which aims to increase the production capacity and export product range of developing countries. Finland works on improving the effectiveness of interactive dialogue with the developing countries about trade policy issues bilaterally, through the EU, and in multilateral contexts. Finland seeks

to consider the special circumstances of developing countries in the implementation of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).

Over the past few years, the EU has improved the access of developing countries to its markets. Products originating from the least developed countries are allowed entry into the EU area duty-free, and many other developing countries also benefit from tariff preferences. For example, over 80% of Africa's agricultural exports come to the EU. In 2004 and 2005 the EU's Generalised System of Preferences (GSP) for developing countries has been revised. Finland is in favour of developing the system so that its benefits accrue better to the least developed countries, and is presently investigating how benefits of the type that have been granted to countries under the Cotonou agreement could be applied to all the least developed countries. Finland is looking for ways to promote its own imports from developing countries. Finland will also make use of the opportunities offered by the unit established in the EU to facilitate imports into the EU from developing countries.

While supporting development of the multilateral trading system, Finland uses development cooperation instruments to support the efforts of the developing countries to create an operating environment that promotes trade and investments. Trade that brings about an increase in sustainable economic growth, employment and productivity requires, among other things, stable and functioning basic social structures, infrastructure, a functioning financial sector and the possibility to develop production technology, product quality and marketing. These form a key field of operations for development cooperation, in which the interests of trade and development converge and development cooperation acts as a catalyst for trade.

In order to increase imports and trade, Finnish business and industry are kept informed about the markets of the developing countries, production structures and rules affecting trade. Efforts are made to encourage the channelling of investment to developing countries by developing a climate and an environment favourable to investment, and, particularly through bilateral agreements, promoting and protecting foreign investment.

Coherence between development and environmental policies

The prevention of international environmental threats is one of the main goals of Finland's development policy. Finland advocates change in production and consumption patterns and supports the reduction of poverty in developing countries in such ways that help avert the most serious environmental damage caused by economic growth. By promoting the implementation of multilateral environmental agreements, Finland seeks to safeguard the state of the environment. Finland includes consideration for the environment as a cross-cutting theme in all its development cooperation. Finland supports the inclusion of the principles of environmentally sustainable development in the poverty reduction strategies of its partner countries. Finland also supports specific environmental programmes and projects.

The challenges of development and of environmental sustainability are closely linked at both national and global levels. The future of Finland's own environment will also be decisively affected by the ways in which other countries in the world, including the developing countries, take care of the environment. By implementing multilateral environmental agreements, the state of the environment can be controlled in Finland and in developing countries. The environment is a global public good and its protection is in everybody's interests.

It is impossible to achieve sustainable well-being and reduction of poverty unless the environment is taken care of. For this reason, environmental issues are a cross-cutting theme in Finland's development policy. Environmental issues are connected today with such issues as security, trade and finance. Cooperation among the various sectors of administration is essential. Finland considers multilateral

environmental agreements and the enhancement of international environmental governance a good means of ensuring that both industrialised and developing countries accept joint responsibility for the environment. Finland is party to more than a hundred multilateral environmental agreements, the aims of which include the prevention of climate change, the protection of biodiversity, combating desertification and the control of international trade in chemicals and control of transboundary movements of hazardous waste. The agreements include obligations binding on the developing countries and obligations to support the developing countries. The detrimental consequences of global climate change have the worst effects on the poorest countries and endanger their efforts to reduce poverty. The developing countries will therefore play an important part in the implementation and monitoring of the Kyoto Protocol.

Finland supports the developing countries in their capacity building to enable them to implement multilateral environmental agreements. Through international and development cooperation, Finland makes available to developing countries the benefit of its own expertise in managing global environmental problems and in promoting sustainable development. Factors related to the environment are decisive in achieving many development goals, such as food safety, access to clean drinking water and progress in health care.

Access to affordable energy and sustainable energy solutions are of great importance in improving the standards of living and health conditions of the poor, in creating employment opportunities, but also in regard to the sustainable exploitation of natural resources and, for example, climate change. The Johannesburg Action Plan requires all countries to draw up a strategy for sustainable development by 2005. In its development cooperation, Finland emphasises that environmental issues, and the fulfilment of the obligations set out in environmental agreements, are an integral part of poverty reduction strategies.

Coherence between development and agricultural policies

In its development cooperation, Finland emphasises the importance of promoting rural development and increasing the productivity of rural livelihoods. Finland supports the possibilities of the poorest developing countries to benefit from opportunities offered by international trade in agricultural products and recognises the special needs of the most vulnerable countries to protect and assist their farmers so that they will have sufficient time to adapt to a market-led production system.

Rural living conditions in developing countries will have a crucial impact on whether the Millennium Declaration Goals are achieved, since about two thirds of the people who live in extreme poverty live in rural areas. Finland emphasises the significance of the multiple role played by agriculture in rural areas and in society. Not only is agriculture a means of livelihood and a source of income, but it is also an essential factor in, for example, food security, regional politics and environmental issues. For almost all countries of the world agriculture is a sector of national importance, the future of which they seek to secure.

The exports of many developing countries are primarily agricultural products. Hence, the entry of developing countries' agricultural products into industrialised countries' markets, and the subsidies of industrialised countries to agricultural production and exports, have caused disputes and disagreements between developing and industrialised countries. In this connection, the great differences among developing countries in their production and marketing capacities in agriculture and agricultural trade must also be taken into account. As a member of the EU, Finland promotes such trade policy solutions that improve the prospects of the poorest developing countries to benefit from agricultural exports and develop the competitiveness of their agriculture. The goal of greater coherence will also necessitate consideration of national perspectives on agriculture.

The EU, including Finland, has long made unilateral concessions in its trade policy which have eased access for specific groups of developing countries. Finland is in favour of developing these systems

further. They include, for example, the Generalised System of Preferences (GSP) and the Lomé and Cotonou agreements with the countries of Africa, the Caribbean and the Pacific. The Everything but Arms (EBA) initiative applied since 2001 has made it possible to remove duties on imports originating from almost all of the least developed countries. Duties on sugar, rice and bananas will be phased out by 2009. Since the GATT Uruguay Round, the EU has also made cuts in domestic agricultural and export subsidies; these are expected to increase the competitiveness of developing countries' agricultural trade.

Both in the EU and bilaterally, Finland promotes measures that improve the status of poor producers in the poorest countries. The prospect of poor producers to benefit from world trade can be enhanced by adjusting the rules governing international agricultural trade, but this will not resolve the whole problem. In order to improve their living conditions, Finland will increase its efforts in bilateral and multilateral development cooperation to improve the political and economic operating environment, to develop productive and income generating activities in rural areas, and to strengthen poor people's livelihoods.

Finland has many years' experience in developing rural livelihoods based on family farms and smallholdings. Finland's own agricultural sector has also gone through great structural changes to adjust to international competition. Both in development cooperation and in other international collaboration, Finland offers to developing countries the benefit of its own experience and expertise in, for example, establishing organisations of small producers, cooperative activities and extension services. Agriculture and forestry are the key sectors in development cooperation. Individual areas of focus include support for local rural livelihood strategies, the formation of farmer associations and producer organisations, provision of staple foods, food production and diversification of productive and income-generating activities.