DAC Encourages Finland to Increase the Size and Focus of its Aid Programme and to Build on Good Work on Aid Quality

The DAC welcomed Finland’s government commitment to reach an Official Development Assistance/Gross National Income ratio of 0.45% by 2007, on the way to the internationally agreed aid target of 0.7% ODA/GNI by 2010. This will mean a doubling of the 2002 figure of USD 466 million or an ODA/GNI ratio of 0.35%, and would imply a significant increase in the rate of growth after 2007. Finland’s ODA/GNI ratio ranks ninth amongst DAC members.

Following the review of Finland’s aid policies and programmes, Chair of the DAC Richard Manning made the following comments and recommendations:

- **Plan for ODA increases.** Finland is encouraged to establish steady and predictable movement to the 2010 target of 0.7% of GNI through setting a specific growth path for the development cooperation budget. The Committee was encouraged by the attention being paid to the quality of the expanding programme. The DAC commended Finland’s public education campaign to ensure continued public support for development issues.

- **Forthcoming development cooperation policy.** The Peer Review took place as Finland is preparing to launch a consultation leading to the writing of a white paper which it was hoped would feature poverty reduction as the overarching development goal, and would enshrine Finland’s commitment to the MDG’s.

- **Priorities for ODA.** The increases planned in Finland’s ODA provide an opportunity for considering how its added value can be maximised in both bilateral and multilateral aid. Finland focuses its bilateral ODA on Africa (46%) and least developed countries (43%), but the aid relatively widely dispersed. The Committee saw a case for greater focus. This could include phasing out middle-income countries and concentrating on fewer low-income countries which could make Finnish bilateral aid more effective and give Finland greater influence with both partner countries and other donors. It could also include stronger focus on areas of comparative advantage. The DAC recognised that Finland already gives above-average support to multilateral organisations. The Committee encouraged the Finnish government to consider its strategy for multilateral co-operation.

- **Enhance policy coherence.** The new post of Minister for External Trade and Development Co-operation and reorganisations within the Ministry of Foreign Affairs should create synergies between trade, aid and political affairs, but there must be a strong commitment within the Ministry of
Foreign Affairs to ensure that aid considerations are given appropriate weight. Finland signed the Doha Declaration, confirming its support for pro-development liberalisation of agricultural markets and recognises that the mid-term review of the CAP is an important opportunity to pursue this. Finland’s interest subsidy scheme is mostly directed to China, which is not a long-term partner country. In 2001 the scheme amounted to EUR 14 million, or 4% of total ODA. The Committee encouraged Finland to consider seriously the future of this scheme. Finland’s anti-corruption measures for its co-operation programmes were seen as a useful model for other donors.

- **Improve aid management and implementation.** While Finland supports national poverty reduction strategies and ownership by partner countries, it could also benefit from having clear country strategy documents which are useful for accountability, transparency and monitoring purposes. The independence of the evaluation function and the follow up of evaluations could be strengthened. Finland has a critical shortage of staff in the field which affects the quality of its bilateral aid delivery and its capacity to work with partner countries. As Finland looks to increase its ODA over the coming years, augmenting the field staff with Finnish and local expertise will become essential for ensuring aid effectiveness.

The Finland delegation for the 17 June 2003 review of Finland’s Development Co-operation policies and programmes was led by Ms Paula Lehtomäki, Minister for Foreign Trade and Development. The examiners were Denmark and New Zealand.

Participating in the Peer Review meeting as an observer was Professor Haidari Amani, Head of the Tanzanian Economic and Social Research Foundation.

For further information, journalists are invited to contact Helen Fisher, OECD Media Relations Division (tel. 33 1 45 24 80 97 or Helen.fisher@oecd.org).
## Preliminary Net Official Development Assistance in 2002 *

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Average Country Effort: 0.40

**Memo Items**

1. EC
   - 6 502
   - 5 961
   - 1.2

2. EU countries combined
   - 29 093
   - 0.34
   - 26 290
   - 0.33
   - 2.8

3. G7 countries
   - 41 736
   - 0.19
   - 38 202
   - 0.18
   - 6.9

4. Non-G7 countries
   - 15 255
   - 0.46
   - 14 135
   - 0.47
   - -0.7

5. Korea
   - 286
   - 0.06
   - 265
   - 0.06
   - 3.0

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*See OECD Press Release "OECD/DAC Countries Begin Recovery in Development Aid: 5% Increase in 2002" dated 22 April 2003 for commentary on these preliminary figures.

(1) Taking account of both inflation and exchange rate movements.
PRELIMINARY NET OFFICIAL DEVELOPMENT ASSISTANCE IN 2002

**Net ODA in 2002 - amounts**

- United States: 12.90
- Japan: 9.22
- Germany: 5.36
- France: 5.18
- United Kingdom: 4.75
- Netherlands: 3.38
- Italy: 2.31
- Canada: 2.01
- Sweden: 1.75
- Norway: 1.75
- Denmark: 1.63
- Spain: 1.61
- Belgium: 1.06
- Australia: 0.96
- Switzerland: 0.93
- Austria: 0.93
- Finland: 0.47
- Ireland: 0.47
- Greece: 0.40
- Portugal: 0.30
- Luxembourg: 0.28
- New Zealand: 0.22
- TOTAL DAC: 56.99

**Net ODA in 2002 - as a percentage of GNI**

- United States: 0.91
- Japan: 0.82
- Germany: 0.78
- France: 0.74
- United Kingdom: 0.42
- Netherlands: 0.41
- Italy: 0.30
- Canada: 0.27
- Sweden: 0.26
- Norway: 0.26
- Denmark: 0.25
- Spain: 0.25
- Belgium: 0.23
- Australia: 0.23
- Switzerland: 0.22
- Austria: 0.22
- Finland: 0.20
- Ireland: 0.14
- Greece: 0.12
- TOTAL DAC: 0.23

UN Target 0.7
Average country effort 0.40