Finland’s strategic directions

DCED Annual Meeting 2017

Mika Vehnämäki
Ministry for Foreign Affairs of Finland
Finland’s development policy (2016) focuses on four priority areas:

1. The rights and status of women and girls have been enhanced.
2. Developing countries’ own economies have generated more jobs, livelihood opportunities and well-being.
3. Societies have become more democratic and better-functioning.
4. Food security and access to water and energy have improved and natural resources are used sustainably.

Private sector development.
Finland’s development aid disbursements 2007–2016

- 43 % cut in ODA in 2015
- Share of PSE: 3 %
- Share of CSOs: 7 %
- Share of "Economy Focus Area": 16 % (*)

(*) Four Focus Areas
Finland’s development aid personnel 2015–2016

- Finland’s Embassies: 122.2 (2015) vs. 110.2 (2016)
- Total: 294.3 (2015) vs. 259.2 (2016)
Finland’s development aid 2017–2020

**DEVELOPMENT COOPERATION APPROPRIATIONS**

- **2017**
  - **528 MEUR**
  - **353 MEUR**
  - **353 MEUR**
  - **APPROXIMATELY 0.40 % GNI**

**APPROPRIATIONS IN 2017-2020 (EUR MILLION)**

- **2017**
  - **353 MEUR**
  - **528 MEUR**
- **2018**
  - **342 MEUR**
  - **532 MEUR**
- **2019**
  - **337 MEUR**
  - **564 MEUR**
- **2020**
  - **342 MEUR**
  - **587 MEUR**

The situation under the state budget for 2017 and the central government’s spending limit decision for 2018–2020. The proportion of GNI is estimated to be 0.40% in 2017 and 0.39% in 2018–2020.

**ODA ADMINISTERED BY THE FOREIGN MINISTRY**
Funds that are administered by the Ministry for Foreign Affairs, which are used, for example for bilateral development cooperation, to support work done by the UN agencies, development banks and Finnish CSOs, and to provide humanitarian aid.

**OTHER DEVELOPMENT COOPERATION SPENDING**
An estimate of different administrative sectors’ expenditure that fall under development cooperation, including part of the expenses arising from the reception of refugees, civilian crisis management expenses, and Finland’s contribution to the EU’s Development Cooperation Instrument (DCI). This also includes an estimate of the investments made by the Finnish Fund for Industrial Cooperation Finnfund in 2017, which are considered to fall under development cooperation activities.
Stronger emphasis on private sector engagement

Finnish Funding Agency for innovation
Finnish Export Credit Agency

Other investment and loan resources

Public Sector Investment Facility (PIF)

MINISTRY FOR FOREIGN AFFAIRS OF FINLAND
BEAM – Business with Impact
Innovations for development program 2015–2019

Basics
Tekes administers
MFA and Tekes finance 25 million € (both 12.5 million €) and applicants finance 25 million €
Fixed-term 2015–2019

Aim
Supports development of innovations, research and knowledge that improves the welfare of low-income people in developing countries and creates new and sustainable business

Concretely
New products, services, technologies, modes of operations, distribution channels, social innovations
Development, piloting and commercialization

www.tekes.fi/beam
Long-term investments and finance

Basics
Finnfund is a state-owned development finance company

Equity 251 million euros
Portfolio 355 million euros

Self-sustaining (excl. “special risk finance”)

Capital increases from ODA

Aim
Supports economic and social development in target countries by offering long-term risk finance for profitable sustainable investment projects

Services
• Equity investments
• Risk loans
• Mezzanine finance
• (Guarantees)
• Advisory services

Investments range between 1−20 million euros

www.finnfund.fi
Public Sector Investment Facility (PIF)
Funding for developing-country public investments

**Basics**
- Mixed export credit instrument
- Tied aid

**Aim**
Supports economically viable but commercially non-viable public sector investments in developing countries

**Actors**
- Public sector entity
- Finnish enterprise
- MFA
- Finnvera
- Financial institution in EEA

**Countries**
- LMICs + LDCs/LICs → not UMICs
- Meet principles of sustainable lending
- No HIPC/MIDR
- Finnvera’s guarantee

formin.finland.fi/investmentfacility
www.finnvera.fi
Other investment and loan resources 2016–2019

Basics
- EUR 530 million for investments and loans
- Must yield a profit and return one day to Finland
- Several partners

2016
- € 130 million loan
- € 10 million equity

2017
- € 114 million loan
- € 16 million loan

2018–2019
- € 260 million

Team FINLAND

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Team FINLAND
Thank you!