

EDITORIAL

Entwicklungshilfe hat seit Beginn der 60er Jahre einen festen Platz in den Budgets der Industrieländer, die dazugehörige Entwicklungspolitik hat sich zu einem fixen Bestandteil der policies dieser Staaten entwickelt. Allerdings ist das Ausmaß und die Durchführung der Entwicklungspolitik nach Ländern sehr verschieden. Die österreichische Entwicklungspolitik wird offiziell als "qualitativ gut" bezeichnet, rangiert dem Ausmaß nach aber an letzter Stelle im OECD-Bereich und ist organisatorisch besonders gehandikapt, was in vielen Mikro-Projekten zum Ausdruck kommt. In diesem Heft soll die Entwicklungspolitik von zwei vergleichbaren Ländern, Finnland und der Schweiz, analysiert werden, um von daher eventuell Aufschlüsse zu einer Verbesserung zu erhalten. Im vorliegenden Schweizer Beitrag wird allerdings zunächst eingeschränkt nur der industriepolitische Aspekt der Entwicklungspolitik behandelt.

Mit dem Beitrag von Peter Storer zum Verhältnis Brasilien - Internationaler Währungsfonds werden die Ergebnisse einer Diplomarbeit am Salzburger Institut für Politikwissenschaft präsentiert, die aus umfangreichen Recherchen, auch vor Ort, gewonnen wurden.

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Lauri Siitonen POLICIES AND PRACTICES OF FINNISH DEVELOPMENT COOPERATION

Introduction

The rapid growth of Finnish development aid in the 1980s has attracted favourable attention abroad. After a late start, Finland has increased her aid over the last ten years faster than any other OECD country. In 1989, Finnish aid approached the level of 0.7 % of GNP, or the UN target so far attained only by four other OECD countries - her Scandinavian sisters (Norway, Denmark, and Sweden) and the Netherlands. What are the factors behind the rapid expansion of the Finnish aid, and how has it effected the structure and organization of cooperation? The aim of this article is to give an answer by examining Finland's Third World relations, and by analyzing her development cooperation policies.

1) Background to Finland's Relations with The Third World

Historically speaking, Finland's relations with the peoples and countries of the Third World are of a relatively late date. As a small country, without a colonial history of her own, situated far in the northern Europe, and gaining independence only in the beginning of this century, Finland lacks major contacts with Third World countries. Before the independence, in 1917, and until the 1950's, her Third World relations were based mainly on cultural, missionary and economic activities.

As regards the early cultural contacts, the work of Finnish explorers and researchers studying Third World areas and peoples has largely contributed to the scientific culture of Finland.¹ Yet, for the majority of Finns, it was the Lutheran missionaries who, until very presently, were the leading direct source of information on Third World peoples and cultures. When thinking about the actual foreign relations, the role of Finnish missionary work in Namibia, where the activities started in the 1860's, has been of special importance.²

Trade has always been the major economic link between Finland and the Third World countries. A relatively small volume of Finnish investment activities in developing countries can be explained in terms of the structure of her economy, based mainly on the local raw materials (forestry) and im-

ported technology. It is the vulnerability of her economy that characterizes Finland's trade with the Third World as well. Traditionally, the structure of this trade has been dominated by the exchange of wood and paper against tropical goods and raw materials. The volume of this trade has been modest, around ten per cent of the total volume of Finnish trade - about half of the average share of the other OECD member countries.³ The major trade partners in the Third World have been 1) the coffee exporting countries in Latin America, 2) the oil producing countries in the Near East, and recently, 3) the newly industrialized countries (NIC) of the Far East.⁴

Finland's political relations with Third World countries, the majority of which gained the independence only after World War II, began to grow intensively since the 1950's. It was only in 1960 that the Finnish diplomatic network covered all continents.⁵ In the following year, the Finnish foreign aid operation was started, thus creating a new mode of Third World relations. Since then, the diplomatic representation in Third World has continuously extended. At the end of the 1980's, Finland had diplomatic relations with 106 developing countries, out of which a permanent mission in 26.⁶

When thinking about development cooperation in the context of Finland's official foreign policy, it is the international position of Finland that is likely to set the political framework for her development policy. This position is based on the smallness of the country, the political neutrality, and the status as a Nordic country.

First of all, Finland does not have, and could not reasonably have, any major power political interests of her own in the Third World. The main focus of Finnish foreign policy is bound to be located in Europe. Accordingly, the major channel for Finland's active political participation in Third World is through the international organizations, notably the United Nations.⁷ Second, as a consequence of the former, Finland does not give military aid of any kind. Finnish aid is of a humanitarian nature even when given to Third World liberation movements.⁸ Third, as a neutral country, Finland does not have any political allies in the Third World - neither enemies, for that matter. This implies that Finland is relatively free to choose her partners in development cooperation. Though, it may be claimed that the neutrality presupposes a certain degree of political balance in the choice of the partners.⁹ Finally, for historical, geopolitical, and cultural reasons, Finland belongs to the Nordic group of countries. In international organizations, and especially in the development policy, the five Nordic countries tend to share common stands and policies - to the extent that a joint Nordic representation has become a norm.¹⁰ Hence, it is

only natural that the Nordic cooperation is a leading principle of the Finnish aid policy, too.

All in all, modest but stable historical and commercial ties, political neutrality with an active participation in the UN organizations, and Nordic cooperation are the main characters of Finland's relations with the Third World.

2. Formation and Organizing Principles of Finnish Aid Policy

The evolution of Finnish aid policy can be traced back to 1955.¹¹ That year started a process leading towards a gradual consolidation of Finland's position in the international system. First of all, the recognition of her neutrality by the leading foreign powers - the cornerstone of Finland's international position - opened up the membership in the United Nations.¹² At the UN, Finland soon engaged in the development debate and adopted, with other industrialized countries, the international target for development aid (or one per cent of the GNP). Second, the membership in the Nordic Council, since 1955, activated the aid question in Finland. The formal start was in 1961, when there was, for the first time, a moment for international aid in the Government's budget proposal. Office for development aid - the predecessor of the Finnish International Development Agency (FINNIDA) - was established as a part of the Ministry for Foreign Affairs, in 1965.

In spite of a rapid early growth in the 1960's, and early 1970's, the relative volume of Finnish aid remained low in international standards.¹³ In the middle of the 1970's, Finnish official development aid (ODA) was only 0.16 per cent of the annual GNP (or about a half of the average OECD level). Especially when compared with the level of ODA attained by the other Nordic countries, the Finnish aid volume was low, indeed.¹⁴

How is this delay in Finnish development policy to be explained. On the international level, the Finnish position was very different from that of the other Nordic countries, especially during the years after World War II. Finland joined the World Bank in 1948, for economic reasons, but refused the Marshall aid, for political reasons. The country was thus left out of European programmes for reconstruction. Hence, if there ever was, in other Western European countries, a sort of a popular sentiment of "paying the aid debt back", this was not the case in Finland, which became a member of the OECD only in 1968. By the trade relations, Finnish economy has been anchored in Europe by special trade arrangements with the EFTA, the EC and the CMEA.¹⁵ Finally, the public opinion was largely ignorant of the global development problematic and, consequently, rather negative towards the growth of foreign aid. Altogether, it can be said that at this stage, the aid policy was mainly of instrumental value to other

foreign policy goals, like the international status of Finland, and the promotion of foreign trade.

Ten years later, the situation had changed, both internationally and nationally. The international détente of the early 1970's contributed to the consolidation of Finland's position, of which the Conference on Security and Co-operation in Europe (CSCE), held in Helsinki in 1975, was a culmination. This all gave room to a more active participation in the international policy, in general. Finland's new activity was shown, e.g. by the recognition of (North) Vietnam, the radicalization of her stands against the apartheid regimes, and her assistance to the liberation movements in southern Africa. Altogether, in the 1970's, Finland joined the Nordic line of development policy.

The 1970's saw an other détente, too; between the industrialized North and the developing South of the globe. The so-called energy crisis, and the negotiations on a new international economic order (NIEO), at the UN, commenced a new period of the North-South economic relations. Within these negotiations, Finland, with other Nordic countries, took a position more positive towards the Third World claims than that of the other industrialized western countries. This policy, which is sometimes characterized as "like-minded", was shared with some other small and middle sized western countries, like Australia, Austria, Canada, the Netherlands, and New Zealand.¹⁶ Among the Third World countries, Finland became known as one of the like-minded Nordic countries.

But there were the Scandinavian countries, and the Netherlands, that gave relatively more aid than the other OECD countries. The resulting contradiction between a Nordic image, and a low level of the Finnish aid, provoked much criticism in Finland.¹⁷ As a result, the Finnish Government established a new Committee of Development Cooperation, in 1978, which published its report in the same year.¹⁸ The Committee defined the development cooperation as an essential part of the Finnish foreign policy. However, it reminded that an instrumentalist attitude towards the aid would, in the end, turn out to be counterproductive. And, what was even more serious for Finland, the international credibility of her foreign policy line was menaced by the gap between words and deeds in the development policy. A realistic midway target was set for the aid volume, at the level of 0.35 per cent of GNP (which was the then average OECD level) to be attained in 1982. This goal was also realized. And at the end of the 1980's, Finnish aid approached the level of 0.7 per cent of GNP, or the UN target. (For the volume of Finnish ODA in the 1980's, see Annex)

At the economic front, the 1970's saw a rapid growth of Finnish trade with developing countries. The increased price of oil had enhanced the volume of imports, and the oil boom offered markets for exportations

(notably in the Middle East). The Committee of Development Cooperation supported an intensification of economic cooperation with developing countries, but rejected any automatic tying of development aid with Finnish commercial interests.

Meanwhile, there had been a clear change in the Finnish public opinion concerning the development aid. At the beginning of the 1980's, an active popular movement was organized, generally known as the "Movement for one per cent", that was pushing the Government to increase the volume of aid.¹⁹ With the succeeding increase in the volume, the public attention has gradually shifted towards the "quality" side of the cooperation. The effects of aid in developing countries, as well as the role of private companies in the ODA, has been strongly debated.

With the Programme of Development Cooperation, published by the Government in 1984, the organizing principles of Finnish aid policy were reconfirmed for the 1980's. The leading political principles that were adopted already by the Committee in 1978, have been kept identical. Yet, meanwhile, the focus has been turned from the "old" themes (like the NIEO), to the "new" ones - the environmental²⁰ and cultural²¹ effects of development, and the role of women in development²². In the other official reports on Finnish development policy, as published in the late 1980's, these themes were recalled with an increasing attention.²³

3. Profile of Finnish Aid

3.1 Composition of Aid

There are principally three channels for the allocation of ODA funds: 1) financial aid through multilateral institutions, 2) support to non-governmental organizations' (NGO) activities in developing countries, and 3) national development agency. Usually, all the three channels are used by the public aid donors, but in different proportions.

It has been a tradition of the Nordic foreign policy to emphasize the role of international organizations in the international system.²⁴ This tradition bears to both of the major tasks of the United Nations, e.g. the pursuing of international security and peace, and of development. Hence, it is no wonder that multilateralism dominates Finnish development policy as well. With a proportional growth of bilateral aid, a policy principle was adopted in the late 1960's, according to which about 40 per cent of the total Finnish aid would be channelled through multilateral agencies. In the 1980's, a good half of this has been directed to U.N. development agencies (notably the UNDP, UNICEF, and UNPF), and a quarter to international develop-

ment financing institutions (the IBRD, the IDA, and the regional development banks).²⁵

So far, the NGO's have played a relatively modest role in Finnish aid. Such traditional organizations, like the missionary organizations and Finnish Red Cross, have been supported by the FINNIDA since 1974. With an increased public interest in development aid, other NGO's as well - trade unions, solidarity and peace movements etc. - have started aid projects of their own. In 1990, the support to the NGO's is supposed to make up some 7 per cent of the total bilateral aid - the most rapidly growing moment in the Finnish ODA budget.²⁶ As a general disillusion with the possibilities of official aid to solve development problems has grown, the idea of increasing the role for the NGO's in the bilateral aid has become very popular.²⁷

In spite of its multilateralism, and of the current emphasis on the NGO's, the majority of Finnish aid - like that of the other OECD countries - is channelled through a national development agency. That is why we will have a look at the major destinations, and organizational structures, of the Finnish official bilateral development cooperation, in the following.

3.2 Major Destinations of The Bilateral Aid

It is a generally accepted principle that Finland concentrates its aid efforts on a limited number of developing countries. As a small country, Finland can not run a Third World wide network of development cooperation administration. In addition, the limitation of aid to few countries is seen to be reasonable, in order to guarantee a certain degree of cumulative experiences and administrative efficiency, too.

During the 1980's, Finnish bilateral aid has been concentrated on 15 developing countries. Out of these so-called "target countries", five are located in Asia (Bangladesh, Burma, Nepal, Sri Lanka, and Vietnam), eight in Africa (Egypt, Ethiopia, Kenya, Mozambique, Somalia, Sudan, Tanzania, and Zambia), and two in Latin America (Nicaragua and Peru). The "preponderance" of Africa (about 60 % of total volume of bilateral aid) has been a constant phenomenon in Finnish aid, and is most likely to continue with the independence of Namibia (which is supposed to be a major destination of Finnish aid in the 1990's). In the African continent, the concentration in East and Southern African English speaking countries is partly related to linguistic reasons. The small number of Latin American countries, and respectively little volume (7 % of the total bilateral aid) of aid to this continent, has been an other constant feature in the geographical distribution of Finnish aid. Here again, the linguistic reasons may have played a role.

Another principle of Finnish aid policy is that at least a third of all bilateral aid is directed to the least developed countries (LLDC), as defined by the U.N. This principle, which was adopted already in the 1970's, has been realized only in the 1980's, through an increase of the target countries.²⁸

Altogether, following criteria can be found to explain the geographical distribution of the Finnish aid (besides the principle of concentration):

First, the example of the other Nordic countries has been crucial, especially at the beginning of the aid activities (as in Kenya and Tanzania). Second, the engagement, at the UN, in the policy of supporting the least developed countries (like Bangladesh, Burma and Ethiopia). Third, historical links and national solidarity movements have, of course, played a role (as in the cases of Namibia, Nicaragua, and Vietnam). Here it may be worth to note that the major commercial links do not meet with aid links (except in Egypt, which is one of the main destinations for the Finnish export to the Third World). Though, when thinking about the relatively late internationalization of the Finnish economy, there is no doubt that the emerging business contacts and experiences, as created through the aid, are of potential value for the Finnish business community. Forth, there seems to be an attempt to maintain a certain political balance in the distribution of aid, as appearing between the "radical" developing countries (Nicaragua, Tanzania, Vietnam), and the "moderate" ones (Peru, Kenya, Sri Lanka). In a donor country led by succeeding coalition governments, like in Finland, this may be the only way to secure a continuing political support for a growing aid budget.

Finally, a word on the Nordic initiative on an inter-regional cooperation scheme with the Southern African Development Cooperation Conference, or the SADCC.²⁹ According to this cooperation programme, the future Nordic aid would be concentrated in the SADCC member countries. The initial aim of the Nordic initiative is to establish an inter-regional framework for cooperation in trade and investments, and a coordinated aid scheme. Though, during the first four years of the Nordic-SADCC cooperation, only the aid scheme has been realized so far.³⁰

4. Organizational Structures of Bilateral Aid

At the beginning of Finnish aid activities, in the early 1960's, the problem of the lack of administrative capacity and experiences was solved by allocating the bulk of aid through the U.N. agencies, and by starting bilateral aid within the Nordic co-operation development projects. Since then, the proportional increase of bilateral aid have put heavy load to the

organizational structure of aid.³¹ What follows is a short look at (1) the decision-making structures, (2) the institution building, (3) operative framework, and (4) coordination mechanisms of Finnish aid organization.

(1) As mentioned earlier, the start of Finnish aid activities was strongly related with a general activation of Finland's foreign policy. Moreover, development cooperation is seen as an essential part of foreign affairs, and especially of the Third World relations. The logical consequence of the two is that the national development agency, or the FINNIDA, is organizationally a department of the Ministry for Foreign Affairs.³²

According to the Finnish constitution, the President of the Republic is responsible for foreign policy, quite independently from the Parliament. Thus, especially in the conditions of majority governments, the principal role for the Parliament in the aid policy has been to use its budgetary control. Only with a general increase of the public interest in the aid policies, during the 1980's, the Parliament has activated in discussing about the aid policy principles and practices. Though, it seems to be that there has been a general agreement on the policy principles, at large, but very little political analysis on the practices of aid activities, so far. As a conclusion, the Government and its Ministry have practically a wide decision making power in the execution of Finnish aid.

(2) Within the Ministry for Foreign Affairs, the FINNIDA is responsible for the planning and execution of aid. Diplomatic missions in respective developing countries are charged to maintain the field organizations. The organizational tasks related to the multilateral aid (negotiations etc.) are partly shared with other Ministries (like, in the case of the IBRD, with the Ministry for Finances) or with other departments (like in case of the UN-CTAD, with the Department for Foreign Trade). The coherency of the political line has been secured partly by means of formal supervision by the political direction of the Ministry, partly by a continuing circulation of diplomatic personnel within the FINNIDA.³³

Following the model given by the other OECD countries, a fund for industrial development cooperation (the FINNFUND) was established in 1979. The FINNFUND is principally (about 90 %) state owned, and supported by the ODA, but organizationally separate from the FINNIDA. The formation of the fund was much debated in the early 1980's; especially the left criticized it as an attempt to introduce private business interests in the ODA. However, after ten years, it seems to be that the original hopes (or fears) have not realized, at least so far, because of the general economic depression in the Third World and the related decrease of the interests in commercial operations, at least in the present development aid target countries.

The principal organ for the joint Nordic development cooperation is the Nordic Council of Ministers. However, this body does not make political decisions on foreign affairs, but acts as a forum for planning and coordination. The Council is not responsible for the actual execution of joint Nordic development aid projects, but the responsibility for each project has been given to one of the member countries.³⁴

Together with the other Nordic countries, Finland has started to establish a Nordic Development Fund (NDF). The fund is based in Helsinki, and it is expected to operate in close cooperation with the Nordic Investment Bank. The aim of the NDF is to provide financing for development projects executed by private Nordic companies in low-income countries. In connection with the Nordic initiative on inter-regional cooperation with the SADCC member countries, proceedings to establish a special fund (the NORD-SAD) has been started. The NORDSAD shall assist in the creation of joint ventures for exportation from SADCC member countries.

(3) The operative framework of Finnish bilateral aid was laid in 1973, when a new system of country programming was introduced. The system consists of a framework of planning for a three years' period of time, after which a new agreement on development projects will be negotiated. The aim of the system is to guarantee a certain degree of continuance of aid programming, independently from the changes in annual budgets. Of course, the functioning of the system is dependent on the principle that the geographical division of aid is relatively stable.

Inside the country programmes, the actual cooperation is organized in development projects. Largely inspired by the World Bank, a system of project cycle planning has been adopted.³⁵ A complete cycle is supposed to include a planning stage, an execution stage and an evaluation stage.³⁶ However, there is a constant debate on the principle of organizing (and thinking!) the aid basically in terms of separate development projects. At least, it can be said that it is a somewhat mechanistic (and bureaucratic) approach to development problems.

As an alternative way of organizing the aid, the idea of sectoral coordination has been proposed during the last years. In Nepal, Finland has already taken the role of a "lead donor" in the forest sector coordination. It remains to be seen, whether this sectoral approach will lead to similar initiatives in other cooperation countries as well.³⁷

In spite of the sophisticated methods and an exploding number of the personnel of the FINNIDA - perhaps the most rapidly increasing branch of the state bureaucracy in the 1980's - the execution of development projects has been allocated to an increasing extent to other parties: private consulting companies, NGO's, other Ministries, universities etc. With the growth of the bilateral aid, the role of the FINNIDA has changed from an

executive organ to an agency charged primarily with the planning, controlling and evaluating of the aid. This change in the operative character of the agency is likely to emphasize the coordination and controlling mechanisms of the aid organization.

(4) The coordination mechanisms of an aid organization may include several functions: the coordination of operations with the local institutions in the aid receiving countries, with the other aid organizations, and with the other institutions in the donor country. While it would be beyond the scope of this article to examine all these functions, only the mechanisms of coordination in the donor country will be briefly discussed.

At the early stages of the Finnish aid policy, the overall planning of the aid was given to temporary committees formed by the Government officials and politicians. So far, there have been four committees of development cooperation (in 1963, 1968, 1969, and 1978). This solution served well the formulation of policy principles and the institution building, in the 1960's and 1970's, but proved to be a slow mechanism for the functioning of rapidly expansive aid activities. The consequence: the planning function was gradually adopted by the aid bureaucracy. A culmination of the bureaucratic, extra-parliamentary planning of the aid was the preparation of the decision concerning the choice of three new cooperation countries in 1980 (of which the Parliament was informed only afterwards).

In order to guarantee the political representation in the aid planning, a Standing Committee of Economic Relations with Developing Countries (TALKE), was established in 1980. This organ is supposed to represent different interest groups of the Finnish society (like the political parties, the labour movement and the business community) and it has a mandate to monitor the aid activities, and to give recommendations concerning the development policy in general.

The control of the execution of the aid projects is a hot issue in the aid policy. With a decreasing role for FINNIDA in the actual aid operations, the risks of mismanagement, even of swindling the ODA funds, by the private companies, have become acute. Without a competent expertise in all the fields of the aid activities, the FINNIDA has had to order part of the controlling functions from private consulting companies, both national and foreign. But that is a costly solution, and not without similar risks, either. Another solution has been to allocate the controlling functions to other Ministries and other public authorities (including the universities) capable to make project appraisals and evaluations.

5. Conclusions and Challenges for the 1990's

The key to the dynamics of the Finnish development aid policies seems to be found in the international position of Finland, on one hand, and in the national reflections of that position by the public opinion, on the other. Direct bilateral relations - economic, political or cultural - with developing countries do not have played a similar role, except, of course, in the choices of certain cooperation countries. In other terms, the factors behind the rapid expansion of the Finnish aid seem to be less related with changes in her direct national interests in the Third World, than with the popular perception of the responsibilities linked with the international status of Finland as an industrialized, welfare oriented Nordic country. Of course, this is not to claim that the Finnish aid policy would be exceptionally altruistic, or that it would not serve any direct national interests at all. On the contrary, national economic and other interests are served whenever possible within the general framework of the aid policy. But, Finland does not have any political mission of her own in the Third World, separately from the other Nordic countries. This is a factor that divides the Nordic community from, say, the EC.

The volume of Finnish development aid is supposed to attain the level of 0.7 per cent of the national GNP in the early 1990's. The next target is set at the level of one per cent, out of which a third (or the additional 0.3 per cent of the GNP) is planned to be allocated to international environmental programmes (notably, but not only, in East Europe).³⁸

The expansion of Finnish aid has had relatively little effect on the aid policy and structure, in general. The Nordic development aid ideology, which can be characterized as reformist, has a positive reputation among the recipients, as well as among the OECD. In any case, the leading political principles of development cooperation have not been challenged, and there have been only minor changes in the composition, or in the geographical division, of the aid. It is generally agreed that there will be no new target countries for Finnish aid in the near future (except Namibia, for which plans were made already before the independence of the country). The joint Nordic programme of inter-regional cooperation, according to which the bilateral aid will be concentrated on the SADCC group of countries, will most probably be continued in the 1990's.

Hence, the major changes and the future challenges for the Finnish aid policy are to be found in the organization of aid. Most of all, these are related to the operative framework, and to the related coordination and controlling mechanisms, of the aid. As regards the operative framework of Finnish bilateral aid, the commitment in project form may turn out to be problematic in the long term. More often than not, the task of the "planting"

of the imported projects into local social and cultural environment is not fully understood (with the result that the project itself becomes a development problem for the receiving society).³⁹ The idea of sectoral coordination, as proposed by Finland in the forest sector, is an alternative worth of further examination.

The coordination of aid is linked to the controlling mechanisms, too. With the growth of Finnish aid, and the related public interest in development policy, the need for critical analysis of the practices of aid has increased. This is also a challenge for the Finnish development research.

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¹ For the Finnish traditions in "third world" studies, see Tuomo Melasuo (ed.): *Wallinista Wideriin*. Suomen Rauhantutkimusyhdistys, Tampere 1986. (English Summary). For a presentation of the current development studies, see *The Role of Research in Finnish Development Cooperation*. FINNIDA, Helsinki, 1990.

² See Juhani Koponen: "Finland", in *Namibia and the Nordic Countries*. Uppsala: Scandinavian Institute of African Studies, 1981.

³ In 1980, the share of Third World countries in the total imports to Finland was 9.6 per cent, and in the total exports from Finland 12.9 per cent; in 1985, respectively, 7.5 per cent and 8.0. (Source: Board of Customs, *Foreign Trade Statistics*, Helsinki, 1981 and 1986). For a comprehensive study of Finland's trade with developing countries, see Kimmo Kiljunen: *Industrialization in Developing Countries and Consequent Trade-Related Restructuring Constraints in Finland*. Labour Institute for Economic Research: Research Report 11, Helsinki, 1985.

⁴ In 1980, and in 1987, the five leading importing developing countries, and the five leading destinations for Finnish exports in the Third World were as following:

Imports to Finland		Exports from Finland	
1980	1987	1980	1987
Saudi Arabia	Saudi Arabia	Iran	South Korea
Iran	South Korea	Iraq	Egypt
Brazil	Brazil	Egypt	Saudi Arabia
Columbia	Hongkong	Algeria	Hongkong
Hongkong	Taiwan	Saudi Ar.	India

In 1987, these five countries covered together over 50 % of Finland's total imports from the Third World, and about a third of the total Finnish exports to the Third World. (Source: Board of Customs: *Foreign Trade Statistics*, Helsinki, 1981 and 1988.)

⁵ Esko Antola: "The Evolution of Official Finnish Development Policy." *Cooperation and Conflict XIII* (1978):4, 231-41.

⁶ *Corps Diplomatique et Consulaire*. Ministère des affaires Etrangères. Helsinki, 1989.

⁷ The active participation of Finland in the process of the independence of Namibia is a case in point.

⁸ Finland's support to liberation movements is a part of the UN programme against apartheid regimes in southern Africa. Humanitarian aid has been given to ZANU and ZAPU (Rhodesia /Zimbabwe), SWAPO (South-West Africa /Namibia), and to ANC (South Africa). For the year 1990, the bilateral aid to ANC is budgeted at 6 million FIM, and it is targeted to education and health services to be given to the care of the refugees.

⁹ This seems to be related more to the national politics than to the foreign affairs: in order to guarantee a continuing political support for an increasing aid budget, at least the leading political parties have to accept the choice of the partner countries.

¹⁰ It should be noted that, as far as the foreign affairs are concerned, the Nordic cooperation has no supranational institutions, and the decisions taken are not legally binding, but based on voluntary actions by the member states.

¹¹ The evolution of Finnish aid policies has been documented elsewhere, and need not to be repeated here. See Antola 1978 (See note 5), and Kimmo Kiljunen: *Finnish Aid in Progress*. University of Helsinki, Institute of Development Studies: Interkont no. 22, 1983.

¹² The last formal obstacle to Finland's neutrality ceased when Soviet troops abandoned, in 1955, the "lease" of the *Porkkala* area, on the southern coast of Finland. See, e.g., Göran von Bonsdorff: "Finnlands Neutralität zu Beginn des siebziger Jahre." *Österreichische Zeitschrift für Ausenpolitik* 11 (1970):2, 114-120. For a comprehensive analysis of Finnish foreign policy, see Raimo Väyrynen: *Stability and Change in Finnish Foreign Policy*. Department of Political Science, University of Helsinki: Research Reports N 60/1982.

¹³ Until the year 1968, Finland was in fact a net recipient of development assistance, at least in terms of financial flows between the country and the IBRD.

¹⁴ Sweden attained the international target level for aid (or 0.7 % of the GNP) already in 1974, Norway in 1975, and Denmark in 1978.

¹⁵ In 1961, Finland joined the EFTA as an associated member. A free trade agreement between Finland and the Soviet Union was made in the same year. A similar kind of a "balanced" arrangement was strengthened, in 1973, by simultaneous free-trade agreements with the EC, as well as with the East European CMEA countries.

¹⁶ Australia, Finland, New Zealand and Sweden were the only industrialized countries which, at the 29th General Assembly of the UN, in 1974, voted for the approval of the so-called Mexico Charter. See Antony J. Dolman: "The Like-Minded Countries and the New International Order: Past, Present and Future Prospects." *Cooperation and Conflict XIV* (1979):2-3, 57-85.

¹⁷ For the debate, see Antola 1978 (see note 5), Kiljunen 1983 (see note 11), and Väyrynen 1982 (see note 12).

- ¹⁸ Report of the Committee of Development Cooperation. Helsinki: *Komiteamietintö 1978: 11*.
- ¹⁹ This movement has been a grass root level organization, independent from the political parties, but supported by many prominent persons in the academies, church, and trade unions. The members of the movement give voluntarily one per cent of the personal incomes to international aid organizations.
- ²⁰ The report by the World Commission on Environment and Development (or the Brundtland Commission), and the idea of "sustainable development" is widely cited in the FINNIDA publications. The special role of Finland is seen to be in the field of afforestation projects and programmes. For the concept of "sustainable development", see *Our Common Future*. Oxford & New York: Oxford University Press, 1987.
- ²¹ See Marja-Liisa Swantz: *The Transfer of Technology as an Intercultural Process*. Helsinki: Finnish Anthropological Society, 1989.
- ²² See Marja-Liisa Swantz: *Effects of Finnish Development Cooperation on Tanzanian Women. Concluding Report*. University of Helsinki, Institute of Development Studies: Report 1/1985.
- ²³ *Finland's Economic Relations With Developing Countries, Including Development Cooperation, in the 1980s*. Report of an Independent Group of Experts set up by the Ministry for Foreign Affairs. Helsinki: FINNIDA, 1989.
- ²⁴ For a historical review, see Dolman 1979 (See note 16).
- ²⁵ For the details, see *FINNIDA Annual Report*, Helsinki, (yearly).
- ²⁶ Ibid.
- ²⁷ See e.g., FINNIDA 1989 (See note 23.), pp. 18-19.
- ²⁸ Out of the 15 target countries, seven are classified as LLDC's: Bangladesh, Burma, Ethiopia, Nepal, Somalia, Sudan, and Tanzania.
- ²⁹ The nine member nations of the SADCC are Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia, and Zimbabwe. It is assumed by both the SADCC and South West African People's Organization (SWAPO) that the independent Namibia will join the SADCC. In 1988, southern Africa as a total received 33 per cent of Finland's bilateral aid.
- ³⁰ For a presentation of the Nordic initiative, see Björn Hettne and Helge Hveem (eds.): *Regionalism and Interregional Relations*. UNU/Gothenburg University: Padrigu Papers, 1988.
- ³¹ In terms of administrative tasks, multilateral aid is relatively easy for the donor. But in terms of economic and other returns, bilateral aid is cheaper for the donor.
- ³² In other Nordic countries, this is not the case. The SIDA of Sweden is a development authority formally separate from the Foreign Ministry, and in Norway, there is a Ministry for Development Cooperation.
- ³³ The pros and cons for this circulation has been debated. The critics claim that the diplomatic personnel is not always really interested in development cooperation, and may find the work in the FINNIDA of a low value for the career. On the other hand, this may be less so with the younger generation.
- ³⁴ The Agreement of Copenhagen (1981) defines the present status and framework for the Nordic cooperation.

- ³⁵ For a critical examination of the project cycle, see Dennis A. Rondinelli: *Development Projects as Policy Experiments*. London & New York: Methuen, 1983, pp. 65 ff.
- ³⁶ Some of the evaluation studies have been published by the FINNIDA. An attempt towards a theoretical interpretation of the case studies is offered by Taimi Sitari: *Technology Transfer to Developing Countries. From Place to Place or from Space to Space*. University of Helsinki, Institute of Development Studies: Report 15/1988.
- ³⁷ See *Coopération pour le développement dans les années 1990* (Development Cooperation in the 1990's). Paris: OECD, 1989, p. 195.
- ³⁸ According to a speech, given by the Foreign Minister Pertti Paasio, in 1.2.1990, in Helsinki.
- ³⁹ Perhaps paradoxically, the recent structural adjustment programmes (and their social implications), as imposed by the World Bank, have increased the need for conceiving the development problems in terms larger than simple projects and project cycles, that were once propagated by the Bank.

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ANNEX

Finnish foreign aid: total volume (in Mill. FIM), the share of the GNP, and the share of bilateral aid, in 1970, 1975, and 1980-1990.

Year	Total volume (Mill. FIM)*	Share of GNP (%)	Share of bilateral aid (%)
1970	28.7 33		0.06
...			
1975	175.3	0.18	58
...			
1980	412.5	0.22	57
1981	581.0	0.27	58
1982	696.4	0.29	60
1983	853.8	0.32	60
1984	1,068.4	0.35	61
1985	1,307.0	0.40	61
1986	1,585.6	0.45	60
1987	1,894.0	0.50	58
1988	2,550.4	0.59	62
1989	3,112.4 **	0.65 ***	
1990	3,659.0 **	0.70 ***	

* disbursements

** commitments

*** estimate

Sources: FINNIDA Annual Reports and the Budget Proposal for the year 1990.

Jacques Forster

ENTWICKLUNGSZUSAMMENARBEIT UND AUSSEN- WIRTSCHAFTSPOLITIK: KONFLIKTE ODER KOMPLEMENTARITÄT?

Der Fall der Zusammenarbeit der Schweiz mit den Ent-
wicklungsländern im industriellen Bereich

1. Einleitung

Die öffentliche Entwicklungszusammenarbeit, wie in diesem Artikel definiert, umfaßt alle Maßnahmen, die zum erklärten Ziel haben, die wirtschaftliche und soziale Entwicklung der Länder der Dritten Welt zu fördern. Sie ist Teil der Außenpolitik und der Außenwirtschaftspolitik der Geberländer. Wir führen zuerst ein paar allgemeine Charakteristiken der schweizerischen Entwicklungs-zusammenarbeit an, bevor wir diese anhand der Zusammenarbeit im industriellen Bereich veranschaulichen. Dieses Beispiel wurde gewählt, da es besser als jedes andere die Erörterung einer Frage gestattet, vor die sich jede bilaterale Zusammenarbeit gestellt sieht, nämlich diejenige der komplexen Beziehungen zwischen der Außenwirtschaftspolitik und der Politik zur Förderung der wirtschaftlichen und sozialen Entwicklung der Drittweltländer. Diese Verbindung zwischen der Tätigkeit der öffentlichen Hand und des Privatsektors wird im letzten Teil des Artikels behandelt.¹

Die Wirtschaft der Schweiz ist stark nach auswärts gerichtet: Der Wert ihrer Ausfuhren an Gütern und Dienstleistungen machte 1987 35 % des BIP aus, während der Durchschnittswert der OECD-Länder zum gleichen Zeitpunkt lediglich 18 % betrug.² Trotz ihrer geringen Ausdehnung und ihrer kleinen Bevölkerung besitzt die Schweiz im internationalen Vergleich eine mittelgroße Wirtschaft. 1987 nahm sie, in absoluten Zahlen, betreffend ihr BSP den 14. Platz und betreffend den Wert ihrer Ausfuhren den 12. Platz auf der Weltrangliste ein (bei dieser Einstufung sind die osteuropäischen Länder nicht berücksichtigt). Außerdem zählt sie zu den wichtigsten Kapitalausfuhrländern.

Rund 16 % der Ausfuhren der Schweiz gehen in die Entwicklungsländer.³ Sie setzen sich fast ausschließlich aus Fertigwaren in Form von Konsumgütern (ein Drittel des Gesamtbetrags), Ausrüstungsgütern bzw. Inputs für die Industrie oder die Landwirtschaft der Entwicklungsländer zusammen. Die asiatischen Länder beziehen 67 % der schweizerischen