Finland

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1. DOMESTIC FORESTS AND FORESTRY[1]

Finnish forest ecosystems are relatively young. During the last glacial period the whole land area of present-day Finland was covered by a thick layer of ice. The retreat of glaciers started around 10,000 years ago, immediately after which vegetation started occupying the uncovered land. The first trees were sub-arctic and boreal broadleaved species. By 6,000 years ago, with a climate warmer than today, Finland was covered by broadleaved forests dominated by temperate species.

Present-day Finnish forests are characterised by mixed but coniferous-dominated boreal (*taiga*) ecosystems. Bogs and moors are common, due to the fairly high humidity (a result of low evapotranspiration; rather than high rainfall) and the relatively flat topography. It is assumed that prior to human intervention natural forest fires and windfalls were fairly common. Consequently, ecosystems were composed of a mosaic pattern of different stages of succession, from recently burnt or fallen areas to old growth climax forests. So-called pioneer species, mainly birch and other broadleaved species, formed the first stage in the succession, gradually replaced by more shade-tolerant species, particularly spruce.

Human population followed soon after the retreat of the ice. However, the population remained extremely small, concentrated along the coast and main inland watercourses. These first inhabitants, the ancestors of the Lapps, were hunter-gatherers who had very little impact on the natural ecosystems. A new wave of immigrants, bringing agriculture with them, arrived from the south and south-east some 2,500 years ago. This farming, based on slash-and-burn agriculture, was initially restricted to the most favourable areas of south western Finland, gradually spreading along the coasts and main inland watercourses. The population grew only very slowly and the slash-and-burn cultivation was virtually sedentary, (rotational), gradually leading to permanent farming.

In the twelfth century the Swedes started colonising Finland. Gradually the Russians from the east (Novgorod) also began to raid Finnish areas. This led the Swedish king, Gustaf Wasa, to encourage the occupation of the interior of Finland in the sixteenth century. He wanted to increase the Finnish – Swedish presence in the vast interior and thus improve its defence against the Russians. Motivated by generous tax incentives, Finnish farmers rapidly started to colonise the previously sparsely populated inland, at the same time pushing the semi-nomadic Lapps north. The colonising of the interior was also greatly facilitated by a new, highly itinerant, slash-and-burn technique which was based on successive debarking, drying, felling and burning of spruce forest, a technique which was extremely productive per labour input, but very low in productivity per acreage. As the population increased, the fields which had been cultivated and abandoned were put first under more sustainable slash-and-burn cultivation, and eventually the best areas were converted to permanent agriculture.

The first commercial forest products were furs, but boat building for export became a fairly large-scale business by the fifteenth and sixteenth centuries. Tar burning and log exports gained importance in the seventeenth century, facilitated greatly by the ample cargo space in Hansa trade ships returning almost empty to central Europe after unloading their European goods in Nordic, Baltic and Russian harbours.

Sawn wood exports started in the seventeenth century, but they remained very modest until the middle of the nineteenth century, due to the restrictive trade policies of the Swedish Government. The Swedish iron industry also efficiently protected its interest in continued low prices for fuelwood and charcoal, both required in iron processing. The Finnish forest industry gained momentum only after Russia took Finland from Sweden in 1809, and gave the Finnish administration considerable autonomy. The Finnish forest industry really took off in the 1860s after radical liberalisation of the economy and trade by the new Tsar, Alexander II. New steam-powered sawmills were established, soon mechanical pulp mills and paper factories were opened, and chemical pulp mills followed in the 1880s.

The Finnish Senate began to recognise the importance of the forestry sector. However, there were still heated debates about the future of the country and the importance of forestry. There were those who considered that forests were a major hindrance to the economic development of the country, and consequently that they should be felled as soon as possible to make way for promising agricultural opportunities. Misery, backwardness and ignorance were strongly associated with forests and people living in and around them. Others, however, argued that forest resources provided the country's only real exportable commodities and consequently forests should be wisely and sustainably utilised for the benefit of the whole economy. The latter opinion prevailed.

The Finnish Senate recruited a foreign consultant to provide advice on setting up an adequate forest administration. In 1858 Prof. Edmund von Berg, from the Tharandt Forest Academy in Germany, proposed the establishment of a lean and flexible forest service. He also strongly recommended the provision of practically oriented forestry education. His recommendations were duly implemented. Forestry legislation was revised and amended several times. In 1886 a law was passed which stipulated, for the first time, the general principle still in effect that forest should not be devastated (Haataja, 1950). With Independence at the end of the First World War, there was a general move from very strict control to merely prohibiting deforestation. A law on protection of forests in 1922 aimed to protect special forest areas. Recently debate has resurfaced on the level of control necessary, some arguing for the complete removal of state control, others for even stricter control, this time mainly for environmental reasons.

Gradually the forest industry developed into a leading industrial sector of the country. The forestry sector was particularly important in the 1950s and 60s when it contributed more than 15% of GDP. Since then the national economy has diversified significantly so forestry (including forest industries) contributed 9.3% of GDP in 1995 (*Statistical Year Books*, Finnish Forest Research Institute). However, forestry is still very important particularly in terms of exports. Roughly 50% of export

1. This section was written with the help of Helander (1949).

revenues originate from the forestry sector, and the figure is even higher when machinery and electronics directly related to forestry are also included.

Finland is perhaps the world's most forest sector-dependent country in the world and approximately 75% of its land area is covered by forests. For historical reasons, particularly the long and strong tradition of an independent peasantry, more than 60% of forests are owned by private families or individuals. This ownership structure has had a large impact on Finnish attitudes. Finns often regard themselves as forest people. Recent changes in the way society values forest, emphasising non-utilitarian and non-market values, have also had a large effect on the way Finns perceive forests. This has provoked considerable debate on the role of the traditional forest sector.

2. HISTORICAL INVOLVEMENT WITH TROPICAL FORESTRY

Finnish involvement in tropical forestry has a fairly short history. The first involvement in the 1950s and 60s was commercial, mainly aimed at selling Finnish forest machinery to tropical countries. The machinery and mill export efforts soon led to the development of a consultancy business in forestry. Development co-operation began gradually in the 1960s. In the beginning it was at very modest levels, mainly focusing on training. However, forestry was a priority sector of Finnish aid from the outset. With the gradual growth of development co-operation in the late 1960s and 1970s, a great deal of emphasis was given to the use of Finnish machinery and equipment in projects. In the 1980s the emphasis evolved from the export of Finnish machinery to rural development, poverty alleviation, and nature conservation.

One noteworthy aspect of Finnish development co-operation in the forestry sector has been its strong focus on training from the very beginning. The idea was to transfer to developing countries the knowledge and know-how of the Finnish forest sector which were thought to be of high quality. Gradually it was realised that the Finnish models were not particularly well suited to the situation of most developing countries, no matter how excellent they might be in Finland, and that techniques and know-how had to be adapted, and often tailor-made, to suit local conditions. In many cases this meant the design of completely new modes of operation.

The strong role of the forestry sector in Finnish development co-operation is possibly a result of the importance of forestry in the Finnish national economy. This has also meant that purely commercial ties between Finland and tropical countries have continued to increase.

3. STRUCTURE OF DEVELOPMENT ASSISTANCE DELIVERY

3.1 Organisation of the aid programme

Finnish development co-operation is administered through the Department for International Development Co-operation (DIDC) under the Ministry for Foreign Affairs, (MFA). DIDC was formerly called FINNIDA, this name having been phased out since 1995, although it may still be used in developing countries where it is well-known. The reason for the change was to integrate development co-operation more fully into the Ministry of Foreign Affairs. The distinct career stream in development co-operation within the MFA is also being phased out for the same reason (OECD, 1995: 11).

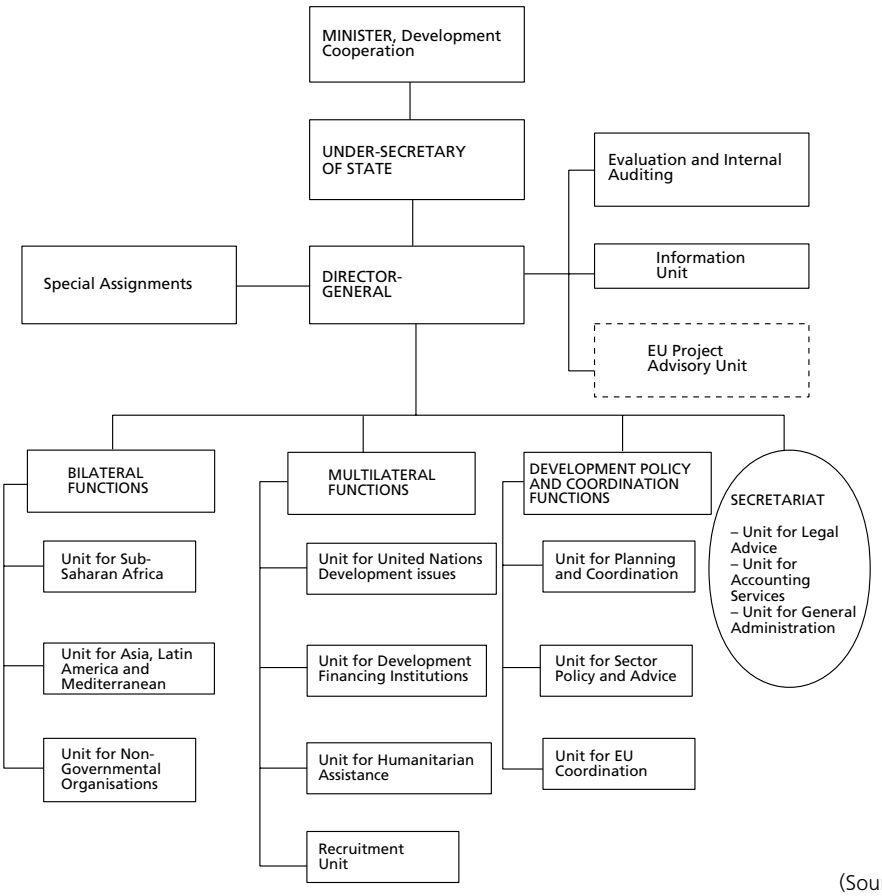
The administrative structure of the Department was last modified when Finland joined the EU in 1995 (see Figure 1). Bilateral and multilateral functions are dealt with in two separate strands. The officials dealing with bilateral co-operation are based in two regional units, one for Sub-Saharan Africa and the other for Asia, Latin America and the Mediterranean. Within these units, the officials have responsibility for (i) general co-operation issues and (ii) projects in a specific region or country. During the 1995 reorganisation a third strand of operations was created for planning and co-ordination, including a new unit for EU co-ordination. In the unit for Sector Policy and Advice in this third strand, there are professionals with an advisory role in specific technical fields (such as forestry, agriculture, environment and education). The post of Director-General of the Department was also reintroduced in 1995.

There is now a unit for Evaluation and Internal Auditing reporting directly to the Director-General. This unit is responsible for wide cross-cutting or thematic evaluations. The responsibility for project-specific evaluations rests with the relevant regional unit. Finland had a Minister for Development Co-operation during the period 1991–94 and again since 1995. The current Minister of Development Co-operation is also the Minister for the Environment, perhaps because he represents the Green Party. The administrative structure of the Department for International Development Co-operation is shown in Figure 3. A separate part of the MFA administers aid to the former Soviet Union. In addition to the staff of the Department in Finland, there are professionals dealing with development co-operation tasks based overseas in the Finnish Embassies and representations.

3.2 Development assistance commitment

The 1980s were characterised by a constant and rapid growth of funds for development co-operation (see Table 1). The average annual growth of net disbursements was 22.3% between 1980 and 1991. Finland attained the UN target (0.7% of GNP) in the early 1990s and net disbursements were 0.80% of GNP in 1991 (FIM 3,760.5 m.). The economic recession during the early 1990s, however, rapidly changed the situation. Between 1991 and 1994 the average annual decline in net disbursements was 26.1%. Net disbursements in 1995 were FIM 1,695.6 m. Up to 1991 the respective shares of bilateral and multilateral co-operation were approximately 60% and 40%, but multilateral aid suffered more from the cuts and its share of net disbursements had declined to 26% by 1994. In 1995 multilateral activities were again up to 43%. As a consequence of joining the EU Finland will contribute to the central EU development budget (about US$ 40 m. in 1995) and will also contribute to the 8th European Development Fund as part of the Lomé Convention (estimated at US$ 60–80 m.) (OECD, 1995: 16).

Figure 1: Organisation of the Department for International Development Co-operation, Ministry of Foreign Affairs



(Source: FINNIDA, 1994a)

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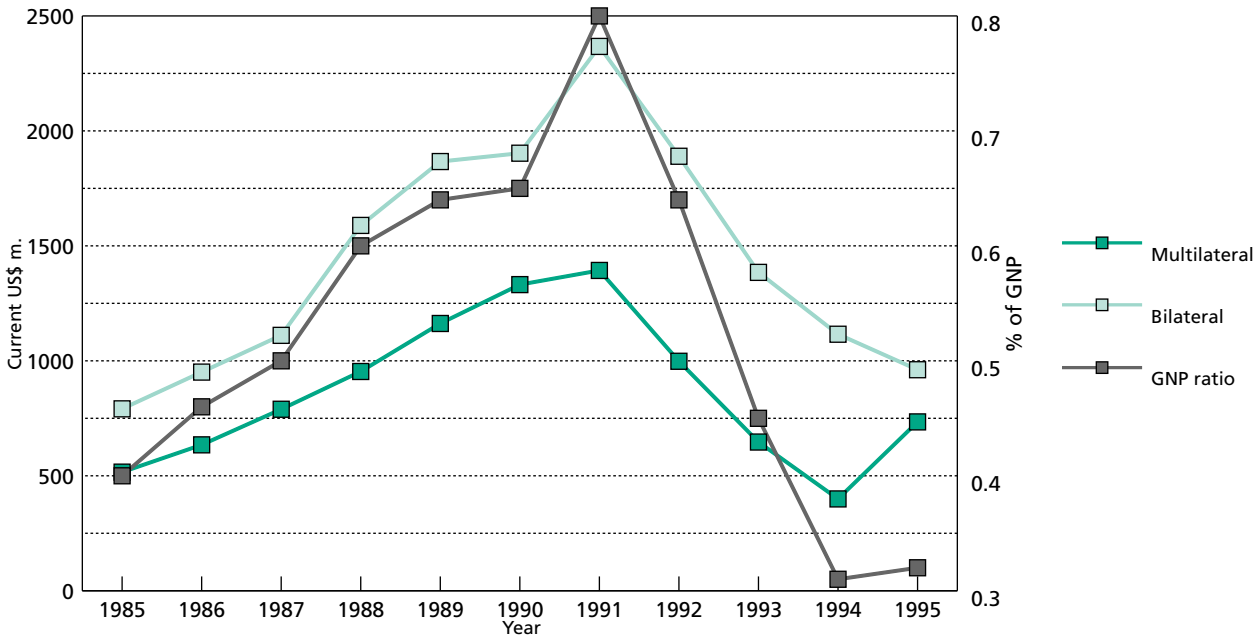
Allocations for development co-operation through the EU will be taken from Finland's oda budget with no compensating increase in oda overall. Payments to the EU oda budget accounted for 14% of Finnish oda in 1995. The Finnish Parliament passed a resolution calling for UN contributions to be maintained at the 1992 level. This suggests that cuts are more likely to be made in bilateral rather than multilateral support. Some commentators did suggest that Finnish bilateral aid be phased out altogether but Finland remains committed to maintaining a bilateral programme (OECD, 1995: 17 and Figure 2).

Figure 2 Aid 1985–1995. Bilateral and multilateral volumes, and % of GNP



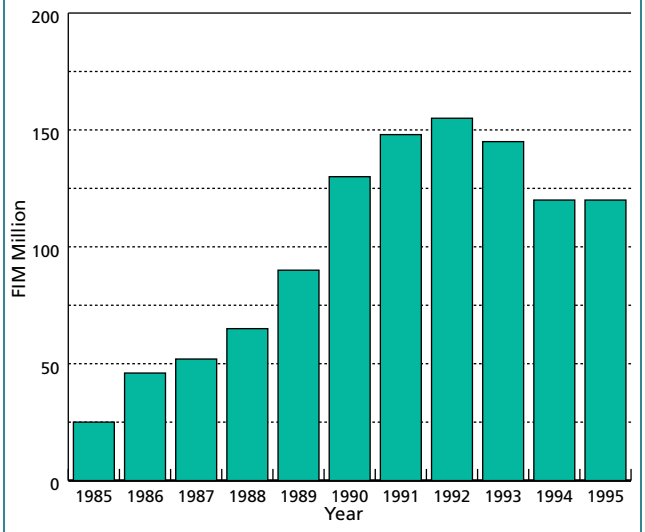
(Source: DIDC, 1995a)

Table 1 **Finnish net oda disbursements 1985–1995**

	Year										
Finnish ODA	**1985**	**1986**	**1987**	**1988**	**1989**	**1990**	**1991**	**1992**	**1993**	**1994**	**1995**
Net Disbursements, FIM m.	1307.1	1585.6	1900.1	2542.5	3031.1	3234.5	3760.5	2887.8	2031.5	1515.1	1695.6
% of GNP	0.40	0.46	0.50	0.60	0.64	0.65	0.80	0.64	0.45	0.31	0.32
Bilateral aid, FIM m.	791.2	951	1110.8	1588.9	1868.7	1903	2367.4	1889.7	1384.7	1115.7	961.3
% of total net disbursements	61	60	58	62	62	59	63	65	68	74	57
Multilateral aid, FIM m.	515.9	634.6	789.4	953.6	1162.4	1331.5	1393.1	998.1	646.8	399.4	734.4
% of total net disbursements	39	40	42	38	38	41	37	35	32	26	43

(Source: DIDC 1995a)

Figure 3: **NGO Disbursements 1985–1995 in FIM m.**



(Source: DIDC 1995a)

The Finnish Government's decision-in-principle of 12th September 1996 on Finland's development co-operation set the target of increasing the budget for development co-operation so as to attain the level of 0.4% of gross national income by the year 2000. Furthermore, Finland reaffirms its commitment to attain the UN recommendation of 0.7% of national income in the long term.

3.3 Personnel

The DIDC's staff doubled in the 1981–91 period, but a government policy of retrenchment in 1992 resulted in more work being subcontracted (OECD 1995: 19). The total number of staff in the Department declined from 178 in 1992 to 146 in 1996. Of this total, 78 were professionals. Twenty professionals were based overseas in the Finnish Embassies and representations and 13 in the Unit for Sector Policy and Advice. Among them is one adviser for forestry.

3.4 NGOs

Development work by NGOs has been funded since 1974 as part of Finnish development co-operation through the Non-Governmental Support Programme. The same trend is seen in the allocations for NGO activities as in oda volumes in general: rapid growth especially since the mid-1980s, with some decline in the early 1990s (see Figure 3). The share of NGO support has, however, been growing and was 7.1% of total oda in 1995 (see Figure 4). The government's decision-in-principle foresees a further increase to 10 – 15%. In 1996 support was provided to 120 Finnish NGOs implementing 348 projects in more than 60 developing countries. About 90% of NGO funding goes to Finnish NGOs but international and Southern NGOs are also eligible for support. 75% of project costs are normally provided by the Department and 25% by the NGOs themselves (OECD, 1995: 31). In addition to project activities, NGO support also assists the Finnish volunteer programme, as well as international and local NGOs operating in developing countries, and provides information support. The main sectors of operations are health care, education and other social services (receiving about 80% of funding) (OECD, 1995: 31).

The Finnish Centre for Development Co-operation (KEPA) was established in 1985 to act as an umbrella organisation for implementing the volunteer programme and to provide a forum where aid issues could be discussed (OECD, 1995: 31).

3.5 Pre-mixed concessional credit scheme

As part of Finnish oda, a Pre-mixed Concessional Credit Scheme was launched in 1987 to increase financial flows from Finland to credit-worthy low and middle income developing countries for projects with high developmental impact (see Table 2 and OECD, Finland, 1995: 49). This scheme supports projects to which grant aid cannot be allocated and involves DIDC, the Finnish Guarantee Board and the Finnish Export Credit Ltd (FEC), which is a government financial institution engaged in long-term financing of exports. FINNFUND (the Finnish Fund for Industrial Co-operation Ltd) is a public development finance corporation that provides equity capital, long-term loans and guarantees. It is owned by the Government of Finland (96.9%), Finnish Export Credit Ltd (3%) and the Confederation of Finnish Industry and Employers (0.1%). Starting in 1992 FINNFUND began to make equity and loan

investments in the Central and East European Countries and the newly independent states of the former Soviet Union, particularly in the Baltic region, in addition to existing investment in developing counties (OECD, 1995: 23). Interest subsidies in 1994 were FIM 134 m. and were estimated to be 9% of total oda in 1995 (OECD, 1995: 49). The main recipients of these credit schemes are Asian countries, China being by far the largest recipient (see Table 2). Interest subsidies have been allocated mainly to the industry and energy sectors. The forest industry was the largest recipient receiving 40.2% of the total from 1990–93 (OECD, 1995: 50). Interest subsidies to forestry and forest industries amounted to FIM 63 m. in 1995.

Interest subsidies have been heavily criticised for their distorting impact on international competition. In 1992 FINNIDA published an evaluation of the mixed credit scheme carried out by the Netherlands Economic Institute (FINNIDA, 1992a). As well as the standard criticism of interest subsidies, the Finnish scheme was found to assess project proposals for development content inadequately, resulting in a redistribution of aid from Africa to Asia which had not been effectively monitored. Since then changes have been made in the administration of projects. Projects funded under the mixed credit scheme are now subjected to the same scrutiny as bilateral projects and must be in line with overall Finnish development co-operation strategy (OECD, 1995: 51). However, Finland is now seeking to put an end to mixed credits. Due to existing commitments this cannot take immediate effect, but during a transitional period Finland will attempt to reduce the share of mixed credits as well as restricting them to the transfer of environmental technology and the social sector. New credit approvals dropped from 19 in 1991 to 5 in 1994 with a value one tenth of the 1991 levels (OECD, 1995: 49).

3.6 Volume of forestry sector development co-operation

The trend in the volume of forestry sector development aid follows the general trend in Finnish aid disbursements. Funds used for forestry and forest industry projects increased up to 1991 when a peak of FIM 178.92 m. was reached. Since then forestry sector aid has declined. It is, however, noteworthy that the sector has maintained and even increased its share of the total disbursement of bilateral aid, from 5.4% in 1988 to 8.1% in 1995.

Table 2: Finnish pre-mixed credit scheme by country (as of March 1995)

Country	Number of Credits	Total (US$ million)	% of Total
China	51	262	44.7
Thailand	6	104	17.7
Zimbabwe	2	44	7.5
India	5	35	5.9
Philippines	1	21	3.5
Mexico	1	21	3.5
14 Other Countries	18	100	17.2
Total	**84**	**587**	**100**

(Source: OECD Finland, 1995, 50)

Forestry plays a minor role today in the Finnish NGO support programme. Out of the 348 projects that were implemented in 1996 via co-operation with Finnish NGOs, less than 20 dealt with forestry issues. A few projects dealing directly with forestry (community forestry, reforestation) and forestry issues are in some cases components of rural development projects (tree planting, nurseries). There are currently 40 development workers based in Mozambique, Nicaragua and Zambia through the Finnish volunteer programme, of whom 3 are forestry specialists. Forestry formed a more important part of the volunteer programme in the past, especially in Zambia.

Interest subsidies provided through the pre-mixed concessional credit scheme are a substantial part of Finnish development co-operation in the forestry sector. Interest subsidies to forestry and forest industries amounted to FIM 63 m. in 1995, 45% of total forestry support (Finnish Forest Research Institute, Statistical Yearbooks of Forestry).

4. DEVELOPMENT ASSISTANCE STRATEGY

4.1 Background

The development of aid strategies for the forest sector

Table 3: Forest sector development co-operation 1988–1995

	Year							
Finnish ODA	**1988**	**1989**	**1990**	**1991**	**1992**	**1993**	**1994**	**1995**
Development projects in forestry and forest industries, FIM m.	86.32	92.05	109.36	178.92	114.33	93.51	84.06	78.32
Total bilateral aid, FIM m.	1588.9	1868.7	1903	2367.4	1889.7	1384.7	1115.7	961.3
Forestry sector % of total bilateral net disbursements	5.4	4.9	5.7	7.6	6.1	6.8	7.5	8.1

(Source: DIDC 1995a)

follows the evolution of post-war development theory. In the 1960s and 1970s Finnish development strategy was possibly slightly behind the times, but in the 1980s it was at the forefront in many respects (e.g. in participatory approaches, non-conditionality of aid, etc.).

The early (1960s and 1970s) strategies were based on neo-classical economic growth theories (savings-investment-multiplication effects), popularly known as 'trickle down' development theories. The developing countries were seen as suffering from insufficient domestic savings which resulted in insufficient investment. It was thought that aid could provide the missing capital for the needed productive investment. Industrialisation was considered the inevitable and optimal development path for all economies. Consequently, aid injections were provided mainly to industrial projects. This theoretical background was also convenient from the point of view of Finnish national economic interests. Industrial aid was believed to be creating future markets for the rapidly developing Finnish machinery and engineering industries.

Finnish technical assistance has closely followed global trends. In the 1960s and 1970s technical assistance was mainly based on the provision of individual experts posted to line functions in the recipient organisations. Gradually this personnel assistance has been phased out in favour of project assistance, and recently assistance has been given to larger programmes combining several projects.

4.2 Overall strategies

The Finnish development strategies of the 1960s and 1970s were not clearly formulated nor debated in Parliament. With the rapid expansion of the aid budget in the 1980s, a policy and strategy debate became necessary. The government submitted a White Paper on development co-operation to Parliament in 1984, the main tenor of which was that development aid should reach the UN target of 0.7% of GDP. However, it was only in 1993 that the first explicit development strategy, *Finland's Development Co-operation in the 1990s. Strategic Goals and Means* (MFA, 1993), was published. It is argued that a clear formulation of strategy was undertaken only when it became absolutely necessary; in other words, when the development administration had to start defending the very existence of development aid during the severe budget cuts of the early 1990s brought about by the deep recession in the Finnish economy.

The 1993 development strategy set three major objectives for Finnish aid: reducing widespread poverty in developing countries; combatting global threats to the environment by helping the developing countries to solve their environmental problems; and promoting social equality, democracy and human rights in the developing countries.

Based on this, country strategies were prepared for the main recipient countries (Ethiopia, Kenya, Mozambique, Namibia, Zambia, Tanzania, Nepal, Vietnam, Nicaragua and Egypt). These country strategies were published in the *Report on Development Co-operation to Parliament* (MFA, 1994). No sector-specific strategies were produced to support the overall strategy.

In addition to the general strategy, DIDC has published a number of policy guidelines on various issues, thus elaborating its strategy on those issues. These policy guidelines have been issued on such subjects as: *Environmental Impact Assessment* (FINNIDA, 1989a); *Environment in Finnish Development Co-operation* (FINNIDA, 1992b); *Guidelines on Gender Analysis* (DIDC, 1995b); *Looking at Gender and Forestry* (FINNIDA, 1993a); *Looking at Gender, Agriculture and Rural Development* (DIDC, 1995c); and *Looking at Gender, Water Supply and Sanitation* (FINNIDA, 1994b).

Several manuals and guidelines of the European Commission are also being widely used and recommended by the Department of International Development Co-operation such as the *Environmental Manual* (EC Directorate General for Development, 1993b).

4.3 Forestry strategies

The forestry sector was the first to prepare a sector-specific strategy. Formal discussion towards the formulation of an explicit forest sector strategy started in 1987, at the same time as the rapid expansion of the development co-operation budget. In the mid-1980s, forest sector aid was some 5% (US$ 22 m. per year) of total Finnish development aid, and this share and volume were expected to increase.

Rapid tropical deforestation which was widely discussed in the 1980s, brought on to the global agenda by FAO's 1980 global assessment of forest cover (FAO,1980) was perceived as the main justification for forestry aid at that time. Finnish forestry sector aid was to contribute towards the continued existence of tropical forests via sustainable forestry and conservation. The principal areas for assistance were put forward in discussion papers in various FINNIDA and interest group meetings, and included training, extension, research and institutional strengthening, particularly as regards sectoral planning and resource inventories. Training and education were seen as the most important issues. It is noteworthy that industrial development did not feature in the list of priorities. Since the beginning of Finnish development co-operation in the mid-1960s, the medium-scale mechanized timber industry had been the main target of Finnish aid. Now, it was decided that only small-scale industries, if any, could be supported.

In addition, the awareness of deforestation and environmental hazards in many developing countries led to a shift of aid towards reforestation and soil conservation. The first Finnish-financed reforestation projects had been started in Indonesia and Sudan in 1979. FAO's Tropical Forestry Action Plan and the International Timber Trade Organisation were considered important ventures to be supported. The main target regions were defined as SADCC (now SADC, the Southern Africa Development Conference), East Africa, and South-east Asia. Fifteen target countries (which were the same for forestry as for other aid sectors) were selected: namely Mozambique, Zambia, Tanzania, Egypt, Ethiopia, Kenya, Somalia, Sudan, Bangladesh, Burma, Nepal, Sri Lanka, Vietnam, Nicaragua and Peru.

In reality, the share of forest sector aid stagnated even if the volumes grew (other sectors grew more rapidly). In 1989, the share of forest sector aid was less than 5% of FINNIDA's total bilateral disbursements, and the

aim was set to 8% (FINNIDA, 1989b).

Eventually, FINNIDA published a formal forest sector strategy (FINNIDA, 1991a): *Finnish Development Co-operation in the Forestry Sector in the 1990s*. Forestry was defined as one of the priority sectors in Finnish development co-operation and its target share was raised to 15–20 % of all Finnish bilateral aid. The main justifications given for this were the massive destruction of forests leading to negative social and environmental consequences; the global environmental importance of the conservation of forests; the high potential of forests and forest-based industries to contribute to development; and strong Finnish traditions in the sector and the availability of an internationally competitive resource base.

The objectives of forest sector co-operation were defined as:

- establishing priorities and removing institutional, legal and political constraints to forestry development;
- promoting afforestation, rehabilitation of degraded forest areas, and sustainable management and utilisation of forest resources;
- the establishment and management of appropriate forest-based industries and industrial wood plantations;
- the establishment and management of conservation areas and other activities aimed at maintaining and improving the quality of the environment.

The strategic principles of forest sector co-operation were spelled out as sustainability, with an emphasis on the environment, a rural development orientation, and the promotion of co-operation and coordination, particularly through the Tropical Forestry Action Programme. This meant, *inter alia,* mitigating the negative environmental impact of forestry and forest industries, coordination of forestry and agriculture, an emphasis on rural women, involvement of NGOs and the integration of projects into local administrative systems. The proposed main areas for action included planning for forestry development; reforestation, forest conservation and management; forest-based industries for development; and strengthening forest institutions.

The 1991 sector strategy was enthusiastically received by most of the parties involved, and the strategy paper was duly used in project identification and implementation. However, Finnish aid was soon shattered by the drastic budget cuts, which caused many carefully planned projects to be abandoned and several on-going projects to be reduced.

In theory, the 1991 strategy paper is still in force as DIDC has not published any up-date of the document. However various discussion papers have been presented in different seminars. The most recent, (DIDC 1995d) emphasises that partner countries are responsible for their own development. Finnish aid will only support the partners' expressed will and commitment to jointly stated goals and objectives. The role of Finnish support is seen as the removal of bottlenecks in development. The principles of good governance, accountability, transparency, and participatory formulation and implementation of development programmes are underlined. The same paper defines the following goals for Finnish development co-operation in the forest sector:

- sustainability of supply of forest products and services;
- conservation of forest species and biodiversity;
- alleviation of poverty through equitable economic development;
- sustainability of water catchment values;
- sustainability of the production and use of bio-energy;
- mitigation and control of climate change and other ecological imbalances.

Support for global co-operation is emphasised, particularly as regards the follow-up to Agenda 21, Forest Principles, and the biodiversity, climate and desertification Conventions, as well as the International Tropical Timber Agreement. Forestry issues are seen increasingly as political issues. Similarly, multilateral development co-operation, including that of the EU, is strongly supported.

As regards Finnish bilateral co-operation, the role of supporting National Forestry Programmes (NFP) as a planning and implementing framework is emphasised. Areas suitable for Finnish interventions, under the NFP frameworks, could include the following types of projects and programmes: maintenance and enhancement of forest resources; maintenance of forest ecosystem health and vitality; maintenance and support of the productive functions of forests (timber and non-timber); maintenance of socio-economic conditions, including the recognition of traditional rights. In practical terms, the strategy statements have been translated into projects in community and farm forestry, sustainable management of natural forests, conservation of natural forests, afforestation of degraded areas, training and institutional strengthening and sectoral planning.

Recently, Finnish development co-operation has supported the Intergovernmental Panel on Forests process in selected countries in Africa and Central America. The links between the experience gained from the implementation of field projects and global-level policy processes are frequently emphasised in Finnish discussion. Field projects are often used to test new development ideas and concepts and the experience gained is fed back into the policy process.

4.4 NGOs

NGOs have played an important part in the implementation of Finnish development co-operation in general. There is a large NGO sector in Finland interested in tropical forestry issues and actively participating in critical discussion of forestry sector development co-operation. The role of NGOs as implementers of development projects in the forestry sector is negligible, however. Adequate dialogue between the NGO sector and the Department is considered very important.

In general, the Department emphasises the involvement of all interested Finnish parties (private sector, NGOs, universities, research institutions, etc.) in the planning and implementation of forest sector development co-operation. However, strong guidance and control are retained by the Department. In Finland, the debate on forest sector development co-operation is carried on within the Department itself, in the Committee for International Forest Policy (under the

Ministry of Agriculture and Forestry), the Advisory Board for Relations with Developing Countries and Intersilva (a professional association which discusses international issues in the forest sector) as well as in various NGO fora and the mass media.

During the past few years, DIDC has commissioned several important policy and strategy studies on development. These studies include: *Whose trees? A people's view of forestry aid* (Panos Institute, 1991); *Participation: concept, practice and implications for Finnish development co-operation* (DIDC, 1996a); and *Ownership in the Finnish aid programme* (DIDC, 1996b).

5. REGIONAL AND THEMATIC DISTRIBUTION OF FORESTRY PROJECTS

5.1 Regional distribution

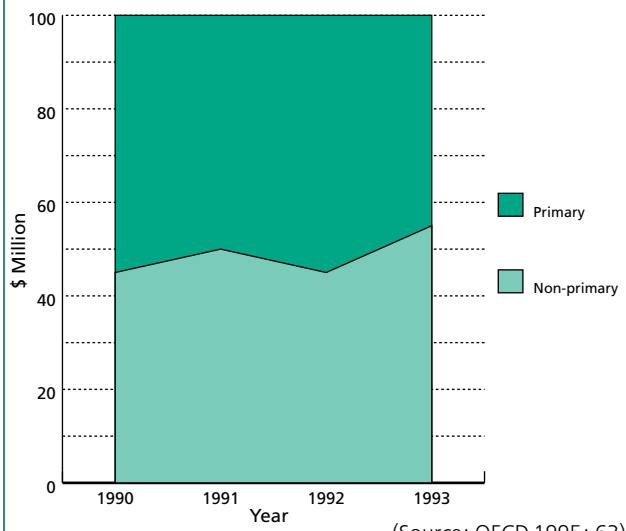
Over the last thirty years the guiding principle of Finland's bilateral co-operation has been, with certain exceptions, to concentrate on the poorest countries. The new development strategy reiterates this policy. As Finland considers the developing country to be the lead partner, its own desire for development is fundamental.

Table 4: Primary co-operation countries total bilateral disbursements 1992–3 (%)

Africa		Asia		Latin America	
Egypt	4.3%	Nepal	4.4%	Nicaragua	4.4%
Ethiopia	1.9%	Vietnam	4.1%		
Kenya	5.7%	Bangladesh	3.0%		
Mozambique	6.5%				
Namibia	3.5%				
Somalia	1.4%				
Tanzania	10.2%				
Zambia	9.3%				

(Source: OECD, 1995: 22)

Figure 4: Bilateral oda to primary co-operation countries and non PCCs.



(Source: OECD 1995: 63)

Other criteria used in country selection are the compatibility of the recipient country's development policy with the goals and means of Finland's strategy, and how effectively Finland can administer assistance in the country concerned (OECD, 1995: 22). Primary co-operation countries are those with which Finland engages in long-term development co-operation. There were twelve of these in 1993 (see Table 4).

In the period 1990–93, an average of 44% of bilateral oda commitments was channelled to the primary co-operation countries. This has been concentrated on a few sectors; agriculture (including forestry) received 20% (OECD, 1995: 62) (see Figure 4).

In 1992–3 Finnish aid was given to a total of 96 countries. This (and the relatively small proportion of total aid given to priority countries) is in large part due to the activities of Finnish Export Credit Ltd. and FINNFUND. These organisations have geographical profiles very different from that of the Department as a consequence of a different development co-operation strategy and sectoral emphasis (OECD 1995: 10).

Over the 8 year period from 1988 to 1995 Africa has been the main recipient of Finnish aid to forestry and the forest industry. 41% (FIM 34.1 m.) of the total was spent on projects in Africa. The most important partner countries for Finland have been Tanzania, Kenya, Zambia and the SADC region. In 1995 bilateral projects were also funded in Namibia, the Sudan and Senegal. Regional projects in SADC were bigger than any bilateral projects in Africa (see Table 5).

The share of forestry aid given to Latin America has been growing recently and in 1995 it was the second region in importance after Africa, with its projects receiving 11% of the 1988–1995 total. Mexico and the Central American region have been the main recipients. One-quarter of total expenditure between 1988 and 1995 went to Asia, the most important recipient countries being Nepal, Indonesia, Myanmar, and Sri Lanka. In 1995 there were also on-going projects in Laos, Vietnam and Thailand. The share of regionally unspecified or global expenditure was between 9% and 18% annually from 1988 to 1995 (see Table 6).

Interest subsidies in the forestry sector have been

Table 5: Key recipients of Finnish aid in the forestry sector 1988–1995

Country	Expenditure (1 000 FIM)	
Kenya	4085	(12%)
Namibia	2128	(6%)
Zambia	2523	(7%)
Senegal	1893	(6%)
Sudan	1955	(6%)
Tanzania	6904	(20%)
Other	3584	(11%)
Unspecified (incl. SADC)	11028	(32%)
Total	**34100**	**(100%)**

(Source: DIDC, 1995a)

Table 6: Forestry aid by region 1988–1995 (FIM m. and %)

Region	1988	1989	1990	1991	1992	1993	1994	1995	Total
Africa	60.7	41.9	64.8	93.3	49.1	44.2	34.1	30.5	418.5
	70%	45%	59%	52%	43%	47%	41%	39%	50%
Asia	14.9	38	23.3	56.5	33.6	17.9	16	17.6	217.9
	17%	41%	21%	32%	29%	19%	19%	22%	26%
Latin America	2.3	1.3	1.9	3.9	13.8	19.8	24.1	23.4	90.6
	3%	1%	2%	2%	12%	21%	29%	30%	11%
Unspecified or global	8.5	10.9	19.4	25.1	17.8	11.7	9.8	6.9	110.1
	10%	12%	18%	14%	16%	12%	12%	9%	13%
Total	**86.3**	**92.1**	**109.4**	**178.9**	**114.3**	**93.5**	**84.1**	**78.3**	**836.9**

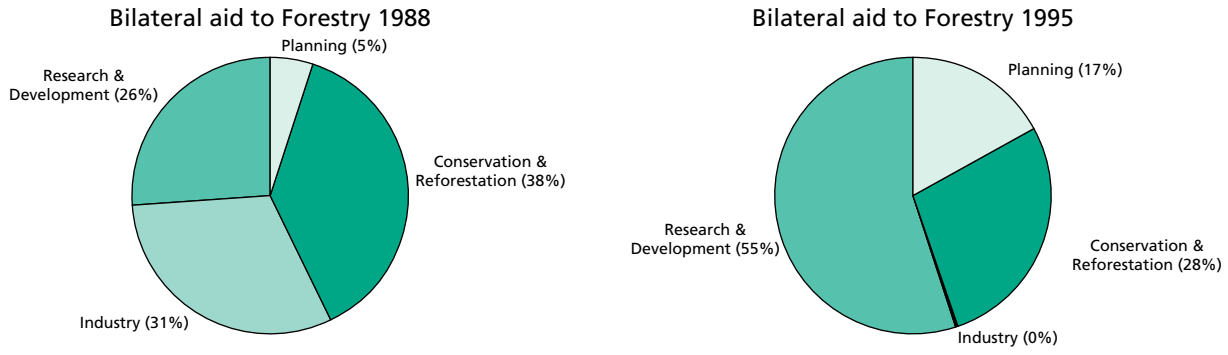
(Source: DIDC 1995a)

Table 7: Forest sector development co-operation by project type 1988–95 (FIM m. and %)

Project Type	1988	1989	1990	1991	1992	1993	1994	1995
Forestry and Forest Industry Planning	4.5 (5%)	13.4 (15%)	11.2 (10%)	18.1 (10%)	14.3 (12%)	6.4 (7%)	7.8 (9%)	13.3 (17%)
Forest Conservation and Reforestation	32.6 (38%)	25.2 (27%)	38.9 (36%)	41.4 (23%)	31.9 (28%)	25.5 (27%)	25.7 (31%)	22.0 (28%)
Forest Industries Development	26.9 (31%)	27.7 (30%)	11.6 (11%)	25.5 (14%)	6.7 (6%)	0.7 (1%)	0.6 (1%)	0.0 (0%)
Research, Institutional Support and Development	22.4 (26%)	25.9 (28%)	47.6 (44%)	94.0 (53%)	61.5 (54%)	60.9 (65%)	50.0 (59%)	43.1 (55%)
Total	**86.3**	**92.1**	**109.1**	**178.9**	**114.3**	**93.5**	**84.1**	**78.3**

(Source: DIDC, 1995a)

Figure 5: Bilateral aid to forestry 1988 and 1995



(Source: DIDC, 1995a)

mainly granted to Asian countries, China and Thailand being the main beneficiaries. The total amount of interest subsidies in 1994 was FIM 58 m. and FIM 63 m. in 1995.

5.2 Thematic distribution

In the statistics on forest sector development co-operation, projects have been classified into the following four main categories since the late 1980s:

- forestry and forest industries planning (e.g. support to Forestry Master Plans, TFAPs, NFPs);
- forest conservation and reforestation (e.g. fuelwood, community forestry, forest reserves);
- forest industries development (e.g. sawmills, harvesting);
- research, institutional support and development (including forestry education and training).

Table 7 shows the funds used for the different types of projects over the period 1988–95. Altogether FIM 836.9 m. was used in forestry projects during the 8 year period. The largest amount of funding was for projects that were classified under the research, institutional support and development category. Support to forest industry development has continuously declined and in 1995 no funds were used for industrial projects. Figure 5 shows the change in the types of forestry project supported in 1988 and in 1995.

A general observation on the types of projects funded by Finland in the forestry sector indicates that during the 1990s the projects (or programmes) have a much wider scope than earlier projects and usually integrate several of the above four categories. One single project, for example, may support national-level policy development at the same time as support is provided for community forestry and conservation activities at the regional level in a selected area. Institutional capacity development is often also included in projects, independent of their technical orientation.

6. RESEARCH AND TRAINING

The main strengths of Finnish forestry research in tropical forestry include afforestation techniques, community forestry, dryland forest management, rainforest ecology and research training and planning.

The main research institutions carrying out forest sector related research in Finland are the European Forest Research Institute, Joensuu, the Finnish Forest Research Institute, (FFRI) and the Universities of Helsinki (Faculty of Forestry), Joensuu (Faculty of Forestry) and Turku (Faculty of Biology).

The largest institute which also has greatest resources is FFRI, based in Helsinki and Vantaa, with eight major research stations throughout the country. FFRI has traditionally focused almost exclusively on national forestry issues. However, as a result of personal interests and initiatives, it has carried out some research related to tropical forestry, perhaps the most prominent example being the analysis and modelling of tropical deforestation by Matti Palo and his research group at the Academy of Finland. The European Forest Research Institute is a young but dynamic establishment which by definition focuses only on European forestry issues.

The two faculties of forestry, at the Universities of Helsinki and Joensuu, both have research and teaching interests in tropical forestry, but neither of them has a department for tropical forest issues. The University of Helsinki, however, has a unit with one professor and some research staff for tropical forestry, and this unit has developed considerable expertise, particularly in forestry in arid and semi-arid conditions. Other departments of the Helsinki faculty have professors and research staff with expertise and experience in forest sector issues in the tropics; for example the faculty implemented a 10-year project in Mexico focusing on forest management planning and sectoral development strategies. The University of Joensuu similarly has several professors and research staff with extensive experience in tropical forestry. The faculty of biology at the University of Turku has gained an international reputation for its innovative and high quality research on landscape ecology in the humid tropics, particularly in the Amazon region.

There is no specific scholarship programme for the study of tropical forestry in Finland. The scholarship programme for developing country students up to and including PhD level was phased out in 1995. The emphasis is now on short-term project-related training (OECD, 1995: 41). The Government of Finland gives only limited support to tropical forestry research in Finnish institutions, instead supporting the international research centres such as the Center for International Forestry Research (CIFOR), the International Center for Research in Agro-forestry (ICRAF), and the Global Environmental Facility (GEF).

7. REVIEWS AND PROJECT PROFILES

7.1 Mid 1980s guidelines on project planning and management

In 1985 a set of project management guidelines was introduced within FINNIDA by the evaluation section: *Project Evaluation, Concept and Guidelines* (FINNIDA, 1985a); *Guidelines for Project Design and Project Document Preparation* (FINNIDA, 1985b); *General Guidelines for Project Appraisal* (FINNIDA, 1985c). These guidelines were based on the logical framework concept. The aim was to ensure that during project formulation all essential design elements – long-term and immediate objectives, outputs, activities and inputs – would be taken into consideration and their interlinkages clearly analysed and presented. The elements were to be formalised during the preparation process into a project design document for which an outline was provided. The idea was to systematise project management by using the project design document as the basis for all project management procedures throughout the project cycle. During project preparation this meant covering and integrating a wide range of elements using the logical framework concept and a variety of project analyses (technical, socio-economic, financial, economic, institutional, environmental and role of women). During implementation the project design document was to be used as a guide for administrative actions and short-term planning and reporting. In this way the consistency of project actions with the stated aims could be maintained. The design document constituted the reference document for evaluating project achievements. Evaluations were justified both by the requirements of accountability and by the need to learn from experience. The lessons learned could be used at the project level to improve implementation and effectiveness but also at the policy level for reorientation and development of new types of programmes.

The 1985 guidelines were administrative tools developed for the use of Finnish aid managers. They have no doubt made some contribution to systematising and standardising both the management processes and the related documentation. Analysing the guidelines today, however, the lack of discussion of the roles of the different actors, be they FINNIDA, the Finnish consultant, the recipient Government agency or the intended beneficiaries, is notable.

7.2 Guidelines for project preparation and design 1991 and guidelines for project reporting 1992

New *Guidelines for Project Preparation and Design* (FINNIDA, 1991b) were elaborated within FINNIDA and adopted in 1991. They have two objectives. First, they aim to establish a systematic and logical planning system for Finnish funded development projects. By taking into consideration the principal factors affecting project success from the very beginning of the planning process, better sustainability can be achieved. Emphasis is also put on the consistency of the projects with realistic development plans and the resources of the recipient country. Secondly, the guidelines introduce and attempt to institutionalise participatory methods in the project preparation phase.

Like those of 1985, the 1991 Guidelines are also based on the logical framework approach. The problem-based and objective-oriented planning methodology presented in the Guidelines is also used by many other donor agencies (NORAD, GTZ, EU, etc.). Several practical tools for base-line analyses are introduced, including, for example, problem analysis, institutional and participation analysis, rapid gender analysis, resource assessment, impact and opportunity analysis and risk analysis as well as guidelines on financial planning and project budgeting. The 1991 document is ambitious in providing guidelines both on project planning and management methodology and at the same time on the planning process. To support the planning process several practical tools for complex planning situations are introduced. These diverse purposes and the wide scope make the document fairly difficult to use. The launching of the guidelines in 1991 was accompanied by an extensive training programme for FINNIDA staff and the Finnish consultants involved in the different phases of the project cycle.

The project preparation and design guidelines were complemented by *Guidelines for Project Reporting* (FINNIDA, 1992c). The reporting system introduced is based on the guidelines for planning. The objectives in creating the reporting system were to promote target-oriented reporting, a forward orientation, and a hierarchy in long-term reporting and to maintain a standard format for all project reports.

The reporting system includes the following regular compulsory reports: (i) operational monthly progress reports, (ii) quarterly financial reports, and (iii) annual progress reports. The monthly report aims at providing immediate and up-to-date information on deviations in project implementation. The objective of the quarterly financial report is to provide information for project cost control and to estimate future costs, especially cash flow, for project financiers. The main purpose of the annual report is to summarise the project's principal achievements and the changes in the project plan during the year. The annual report also analyses more general developments and trends in the project implementation environment.

The reporting guidelines have been criticised because they only serve the needs of the donor agency. Project monitoring processes are not discussed, nor is there participation by different stakeholder groups in the monitoring and reporting function.

7.3 EU Manual on Project Cycle Management

Since Finland joined the European Union, the format and terminology of the *EU Manual on Project Cycle Management* (EC Directorate-General for Development, Evaluation Unit, 1993a) has increasingly been adopted in the planning of the Finnish funded development co-operation projects. A comparative study conducted in 1995, *Finland and EU's Development Co-operation – A Comparison* (DIDC, 1995e) found the EU concept clearer and more comprehensive. Its special advantage is the integration of all phases of the project cycle in the same structure. According to the study, the Finnish guidelines do, however, provide better tools for the different planning analyses, for example institutional and participation analysis and rapid gender analysis.

7.4 On-going development work on new guidelines

When the 1991 Guidelines were adopted, the intention was that they would be used on a trial basis for a period of two years to gain experience that would then be used in revising them. In 1996 a process was started within DIDC supported by an external consultant for revising not only the guidelines on project preparation and design, but more comprehensively, other documentation guiding project management. This process, producing project planning guidelines, guidelines on project monitoring and reporting, guidelines on project evaluation and a revised set of contracts and regulations to guide project work, was finalised and adopted at the end of 1997 (MFA, 1997). The aim has been to improve the user-friendliness of the Guidelines, and to ensure coherence with EU guidelines at the same time.

7.5 NGO guidelines

The Project Support Handbook for Finnish NGOs (DIDC, 1996c), describes the objectives of Finnish development co-operation in general, and the role of NGO support in this context. Instructions are given on the preparation of a project document and on the procedures related to NGO support.

7.6 Project management tools for the forestry sector

Two documents produced by DIDC to support project management in the forestry sector in particular are, *Looking at Gender and Forestry, Operational Issues for Project Planners, Implementers and Administrators* (FINNIDA, 1993b) and *Assessment of Effectiveness of Forest Sector Development Co-operation, Prerequisites in General and Indicators in Particular* (DIDC, 1996d).

7.7 Roles and responsibilities in aid management

The 1993 strategy document *Finland's Development Co-operation in the 1990s* (MFA, 1993), strongly emphasises the responsibility of the developing countries for their own development. It is clearly stated that Finland as a donor can only play a supportive role

in achieving the partner countries' objective of sustainable development. The implementing agencies are therefore always institutions in the partner country.

In DIDC, forestry issues and projects are dealt with by the responsible development co-operation professionals in Helsinki and the relevant Embassy. The services of advisers from the Unit for Sector Policy and Advice are used on the initiative of the officer responsible during the identification and planning of new projects, or of the consultant responsible for project implementation during the tendering and selection process, and during project evaluations.

For the vast majority of Finnish-funded projects a consultant for project implementation is selected by means of competitive tendering. Technical assistance personnel are employed by the consultant and only in exceptional cases directly by the Department. The consultants are either companies operating on a commercial basis or government institutions.

7.8 Project management during the different phases of the project cycle

In a recent evaluation of ownership issues in Finnish aid (DIDC, 1996b) it was found that the concept of the partner country having the leading role was well adopted in practice in Finnish funded projects. In recent years, many practical innovations promoting ownership of stakeholders in partner countries have been established.

Project identification and formulation were formerly carried out by short-term missions and external consultants. Now a lot of initiative and action is expected from the recipient countries themselves. Forestry projects are normally started only in countries where national sectoral priorities have been agreed on. In countries where this has not yet been done, Finland has also supported the definition of forest sector priorities by supporting National Forest Programmes. In actual project formulation the role of, and inputs from, the partner country stakeholders is growing. Finnish support (by the selected consultant) is used to facilitate this process. In most cases this means methodological expertise in the project formulation process and logical framework approach.

When project identification and formulation become country-driven phases of the project cycle, the appraisal phase gains in importance from the donor's point of view. A team of consultants is normally assigned by DIDC for the appraisal. Specialists from the partner country or from the region are often included as team members.

Finnish funded forestry projects are implemented through national or regional institutions in the recipient countries. The Department selects a consultant through competitive tendering to support the implementation. It has become standard practice for the partner country to participate in the tender evaluation and in the selection of the consultant. During project implementation a joint decision-making structure is established with representation from the recipient institutions and either DIDC in Helsinki or the relevant Embassy. Project work plans, annual budgets, reports, etc. are discussed and approved in joint committees. This management structure has increased the flexibility of project implementation. It is possible to adjust or change the original project plan during implementation through this rolling planning system if changes in the implementation environment or lessons learned imply a need for this. Financial management of all Finnish projects is still the responsibility of the consultant supporting the implementation. Money is not channelled through the receiving institutions.

Project evaluations are conducted as mid-term reviews, at the end of a project phase before the launching of a new phase or as *ex-post* evaluations. Evaluation teams usually include members from the partner countries.

8. PROGRAMME REVIEWS

Mid-term evaluations, or mid-term reviews as they are now called, are carried out almost without exception on most Finnish projects, including those in the forest sector. Mid-term evaluation reports are public documents, thus available to anyone who is interested in them.

Post-project evaluations are carried out on a less systematic basis, mainly when DIDC has a special reason for analysing a project more thoroughly. Such reasons are normally either the wish to learn from an exceptionally successful project, or the need to study what went wrong in a severely criticised project. Such criticism is usually presented by either Finnish or foreign NGOs, the mass media, or a party directly involved in the project implementation. An example of such a post-project evaluation would be a recent study commissioned by FINNIDA from the IUCN on the Thailand Forestry Master Plan (IUCN, 1995).

No overall sectoral review or evaluation of Finnish forest sector development co-operation projects has been carried out. However, in 1991 FINNIDA commissioned the Panos Institute to carry out an analysis of forest sector development co-operation entitled *Whose trees? A people's view of forestry aid* (Panos Institute, 1991). This analysis was based on a study of three projects, the main focus being on the involvement, or ownership as it would now be called, of recipients in project planning and implementation.

DIDC has carried out several thematic and country reviews that also cover forestry projects. It has also commissioned and published two Synthesis Studies on Evaluations and Reviews, one from 1980 to 1989, and another from 1988 to mid-1995 (FINNIDA, 1991c and DIDC, 1996e). These looked at a sample of all FINNIDA projects and each included six forestry projects. Although primarily desk studies the second review had an element of fieldwork.

The 1980s study presented the following main findings. The *effectiveness* of projects has been relatively good. *Impact* was found to be difficult to assess, mainly because the projects evaluated were still ongoing. *Efficiency* was also found to be difficult to measure. *Sustainability* was not discussed in the 1980s evaluations.

The 1988–95 study reached the following main conclusions concerning Finnish-supported development projects, including forest sector projects. Finnish development projects have been fairly effective in the narrow sense of reaching their stated short-term objectives, but very little is known of their actual longer-term impacts.

Efficiency, in the economic sense of the term, and sustainability of the activities seem to have been improving, but there was room for further improvement. Women and gender issues have been given much more attention than before. Environmental issues have been given increased attention. There are some structural weaknesses in the logical frameworks on which Finnish development activities rely.

This second study analysed projects using the following criteria: effectiveness, impact, efficiency, sustainability and WID / gender issues. The following were the main findings on forestry projects.

Effectiveness: Most forest projects had generally been successful in achieving their stated immediate objectives. In common with most other projects, clear physical targets had been reached more effectively than other targets. Most forestry projects, however, seemed to be long-drawn out. Project designs had often been over-ambitious, and anticipated results were hard to achieve. Sometimes implementation lagged behind for reasons related to technical, political or social circumstances.

Impact: Seen against the promise of Finnish forestry expertise and ambitious objectives, project impacts appeared modest. In particular, no evidence could be found of their ability to counteract the alarming devastation of indigenous forests.

Economic *efficiency* was found to be very difficult to assess in forestry projects, and little had been done in this direction in actual project evaluations.

Environmental, institutional and social *sustainability* were found to be on-going concerns in forestry projects. However, most of the projects visited were seen as having little expectancy of immediate sustainability. Obvious trends had been a shift away from the direct deployment of Finnish personnel in efforts such as establishment of nurseries and afforestation, towards institutional support and planning, combined with elements of conservation, and increasing local involvement.

WID / gender issues have been making increasing inroads into forestry projects, if not in an entirely systematic fashion. However, the increased consideration has tended to be limited to promises of special attention to be given to women.

9. CONCLUSIONS AND TRENDS

Despite the fairly short history of Finnish involvement in tropical forestry, Finnish expertise and experience in the sector have substantial strengths. This is probably due to the importance of the forest sector in the national economy in Finland. The Finnish Government has explicitly given high priority to the forest sector in its development aid and this has been reflected in fairly substantial Finnish aid inputs to the sector during the last 20 years. Finland has a high profile in forestry which has given the country a positive image, possibly beyond the true role played by such a small country.

However, Finnish aid has recently experienced extremely rapid changes in volume. During the past few years there has been a real struggle for the continuation of Finnish bilateral aid. This has caused severe difficulties to Finnish consulting companies and other organisations that had invested in the development of the sector. On the other hand, these difficulties have forced the Finnish companies and organisations to become more global in their marketing and operations. Forestry has been relatively protected from cuts in spending and has maintained an important place in development assistance.

The role of NGOs in implementing official bilateral assistance is likely to increase in importance and may extend to the forestry sector. Funding will probably continue to be concentrated on a small number of target countries, at least as long as disbursements remain at current levels. With a small budget the importance of projects meeting strategic objectives will continue to be stressed. The role of stakeholders is also likely to increase in importance.

In the international debate on the changing values of societies, the forest sector has gained in importance. The sector has not demonstrated its ability to exploit this new situation, however. There is a need for dynamism and flexibility to utilise new environmental awareness in forestry, and its true globalisation still lies ahead. It is not yet clear if these important opportunities have been recognised in Finnish development co-operation.

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Note: The name FINNIDA officially changed to DIDC in 1995, though both names are still used unofficially, and there has been some lack of clarity about when to use which. For the purposes of this list of references, authorship of relevant government documents has been ascribed to FINNIDA until the end of 1994, and to DIDC from 1995 onwards.

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ACRONYMS

CIFOR	Center for International Forestry Research
EU	European Union
DAC	Development Assistance Committee of the OECD
DIDC	Department for International Development Co-operation (formerly known as FINNIDA)
FAO	Food and Agriculture Organization of the United Nations
FEC	Finnish Export Credit Ltd
FIM	Finnish Mark
FINNFUND	Finnish Fund for Industrial Co-operation Ltd
FINNIDA	Finnish Development Agency (now DIDC)
FFRI	Finnish Forest Research Institute
GEF	Global Environment Facility
GDP	Gross Domestic Product
GNP	Gross National Product
GTZ	German Agency for Technical Co-operation
ICRAF	International Center for Research in Agroforestry
IUCN	International Union for the Conservation of Nature
KEPA	Finnish Centre for Development Co-operation
MFA	Ministry of Foreign Affairs
NFAP	National Forest Action Plan
NFP	National Forestry Programmes
NGO	Non-Governmental Organisation
NORAD	Norwegian Development Agency
oda	Official Development Assistance
OECD	Organization for Economic Co-operation and Development
PCC	Primary Co-operation Countries
SADC	Southern African Development Conference (formerly SADCC)
TFAP	Tropical Forestry Action Plan
UN	United Nations
WID	Women in Development

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Note on currency: on 1 September, 1997, US$ 1 was equivalent to FIM 5.45.