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**DEVELOPMENT CO-OPERATION DIRECTORATE  
DEVELOPMENT ASSISTANCE COMMITTEE**

**Cancels & replaces the same document of 25 March 2024**

**Peer Review**

**SELF-ASSESSMENT OF FINLAND**

The Cancel/Replace changes the document's classification to Unclassified.

This self-assessment is submitted by the Finnish authorities to the Development Assistance Committee in view of the Peer Review of Finland scheduled for 2 October 2024.

This document has been prepared by Finland, which is solely responsible for its content.

Following the submission of the self-assessment and after consultation with partners, the review team decided to focus the Peer Review of Finland on four areas: (1) a coherent and comprehensive policy; (2) institutional setting: managing and responding to change; (3) channels and instruments: finding the right mix; and (4) adaptive systems: results and risk management. The review team will visit Tanzania as part of this Peer Review.

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Ministry for Foreign Affairs of Finland

**DAC PEER REVIEW**  
**SELF-ASSESSMENT REPORT OF FINLAND**  
**23 February 2024**

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## A. RECENT CHANGES IN THE CONTEXT OF FINLAND'S DEVELOPMENT CO-OPERATION

### Governmental emphases interlinked with long-term priorities and objectives

The OECD's Development Assistance Committee (DAC) conducted [the previous Finnish peer review](#) in 2017. The three most recent parliamentary elections have been held in Finland in 2015, 2019 and 2023 – each of them leading to a change in political power. In Finland, a particular law does not stipulate the basis of development policy. Therefore, **each government defines goals, priorities and funding level for development cooperation and the government programme sets the foundation** for Finland's development policy activities for each four-year parliamentary term.

Certain Finnish priorities and strengths, such as gender equality and education, and transparency and inclusiveness as operating principles, have stood the test of changing political times. The same applies to Finland's commitment to human rights, democracy and the rule of law. Finland actively supports achieving the sustainable development goals and the international rules-based order and multilateral cooperation. Continuity has been met by new priorities throughout these seven years, both in focus areas and in funding levels. Thus, Finland has shifted its development policy to those areas of strength in which it has the best potential to support sustainable development.

There has been a paradigm shift regarding the role of development policy in Finland's foreign policy toolbox. Today, development policy is an important part of Finland's foreign and security policy, whereas until relatively recently it was perceived as a more separate area in government policies. The main responsibility for Finland's development policy rests with the Foreign Ministry, albeit many other government ministries also have a role. There is no separate government agency for development cooperation.

Another emerging priority since mid-2010s has been to **strengthen links between trade and development and the inclusion of private financing** for sustainable development projects. In 2016, Finland introduced development policy loans and investments as part of its development cooperation financing. On a ministerial level, Finland has combined foreign trade and development policy in the same portfolio continuously since 2015<sup>1</sup>. As an example, climate adaptation has been a field of work, where the combination of Finnish public and private expertise and funding have produced significant results. Finland has enhanced particularly early warning systems in developing countries with the help of Finnish knowledge and technology.

Humanitarian assistance continues to be an independent part of Finland's development policy, and it is granted based on needs assessments.

### Changes based on government programmes

[Prime Minister Sipilä's government programme](#) (2015-2019) stated that Finland bears global responsibility and strengthens its security by promoting sustainable development, peacebuilding and the status of women and girls. Sipilä's government placed greater emphasis on strengthening business activity and tax base of developing countries. Steps to improve effectiveness, productivity and measurability of development cooperation were also taken. ODA cuts, which were put into effect from 2016 onwards, were substantial.

[Prime Minister Marin's government](#) (2019-2023) stressed Finland's work to combat and adapt to climate change in all foreign and security policy sectors, including trade and development policy. The main goal of development policy was to eradicate poverty and to reduce inequalities. The government supported the increase in both private funding and corporate involvement concerning investments that promote

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<sup>1</sup> See more detail: Challenges and opportunities, Issue 6, i)

sustainable development. To enhance policy coherence and effectiveness, [a report on development policy across parliamentary terms](#) was submitted to the Finnish Parliament in 2021. In 2019–2021, appropriations increased steadily and in 2021, they reached the level they were at prior to budget cuts implemented in 2016. Overall, Marin's term was marked by unprecedented events, such as COVID-19 pandemic and Russia's war of aggression against Ukraine, which have caused serious backsliding in global development.

**Prime Minister Orpo's government was appointed in June 2023, highlighting the following development policy goals and principles:**

- Development policy as part of Finland's foreign and security policy and also contributing to Finland's strategic economic relations
- Building more strategic relationships with essential and fewer partner countries based on clear priorities
- Building sustainable partnerships with developing countries based on mutual benefit and respect
- Focusing on those strengths where Finland has good opportunities to support sustainable development
- Supporting a well-functioning democracy, the rule of law, human rights and a vibrant civil society as prerequisites for sustainable social development
- Advancing gender equality, including sexual and reproductive health and rights. Finland's foreign policy promotes the rights of women and girls in a crosscutting manner.
- Prioritizing education, digitalization and climate measures as other thematic focus areas
- In the current Finnish economic situation, bringing necessary austerity measures to development cooperation; implementing them gradually and taking into account existing commitments
- Utilizing increasingly Finnish companies in development cooperation and development policy investments
- Shifting focus from bilateral country programmes to development cooperation by Finnish civil society organizations
- Providing humanitarian assistance with a focus on helping persons in the most vulnerable situations
- Making the readmission of nationals and support for the international rules-based order conditions for Finland's development cooperation, and not granting development aid to governments or entities that support Russia's war of aggression in Ukraine

### **Unwavering support for Ukraine**

During recent years, almost all of Finland's partner countries have belonged to the group of the least developed countries in Africa and Asia. Today, **Ukraine is the most significant partner in development cooperation and humanitarian assistance.** Finland's support to Ukraine, its sovereignty, independence and territorial integrity is unwavering. The overall budget for Finland's development cooperation and humanitarian assistance in Ukraine is 290 million euros in 2024-2028. Finland has published [a national plan on reconstruction of Ukraine](#), focusing on the opportunities of Finnish companies to participate in the reconstruction. A long-term plan, which will be published in 2024, includes a more specific plan on development cooperation as well.

### **Increased focus on multilateral cooperation**

Since early 2010s, Finland's traditional bilateral development cooperation has decreased. In the future, **Finland will promote its key objectives increasingly through key UN partners, development banks and other multilateral organizations.** The European Union has been Finland's most important political and economic frame of reference and community of values across governmental terms. Finland continues to influence actively the Union's development policy and is committed to contributing to the EU's efforts in making the Global Gateway strategy serve our development partners' strategic priorities.

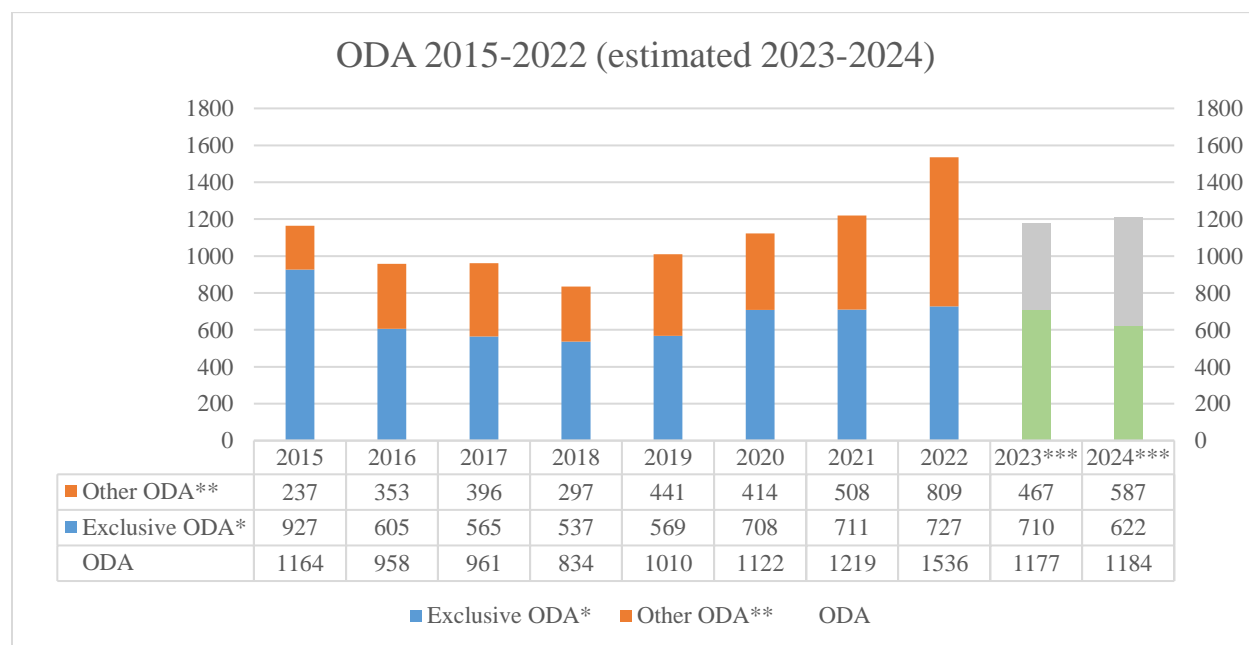
[The Finnish government announced in January 2024](#) that the development assistance budget reductions, set out in the government programme, will focus especially on region and country-specific development cooperation. The country programmes with Afghanistan, Kenya, Mozambique and Myanmar will be discontinued during the government term. In addition to Ukraine, intergovernmental cooperation will continue in Ethiopia, Nepal, Somalia and Tanzania. In Palestine, cooperation will continue on the basis of a review completed in December 2023, taking into account changes in the operating environment. The current bilateral country programmes are valid until the end of 2024. The 2024 funding cuts also decrease the funding available for UN agencies and other multilateral channels.

### Changes in funding

Finland's official development assistance is either grant-based support or loans or investments. By combining public and private funding, Finland aims to multiply the total funding of sustainable development and to create broader developmental impacts. In recent years, the share of the actual development cooperation element managed by the Ministry of Foreign Affairs has clearly decreased. In 2022, support to Ukraine raised the level of Finland's official development assistance. Especially, the level of in-donor refugee costs increased in Finland. **In 2022, it was the first time in Finland's history that the share of other ODA was larger than the ODA administered by the Foreign Ministry.**

### Grant Equivalent ODA current prices EUR

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023***	2024***
ODA	1164	958	961	834	1010	1122	1219	1536	1177	1184
Exclusive ODA*	927	605	565	537	569	708	711	727	710	622
Other ODA**	237	353	396	297	441	414	508	809	467	587



\*Exclusive ODA = MFA Budgeted ODA Grants

\*\*Other ODA = admin cost, in-donor refugee cost, non-grant instruments, other government multi core funding and other ODA-eligible reportable flows

\*\*\*Preliminary estimations

Additional austerity measures are expected also in development cooperation as part of the long-term goal to balance the Finnish public finances.

### **Updates in management systems and guidance**

In recent years, **development cooperation management systems and risk management have improved.** Owing to the developed information management systems, the knowledge management has been emphasized in the Ministry's decision-making. Transparency in the use of funds has also improved. At the end of 2021, the Ministry for Foreign Affairs published **the [OpenAid.fi website](#)**, which explains where, how and when Finland's development cooperation funds have been used. Thanks to streamlined systems, Finland has also been able to respond flexibly and efficiently to the challenges posed by factors outside our own influence. A major milestone in the development of the internal risk management procedures was the establishment of the risk management policy (2021) and its implementation, and related to this, to the updated norm (2023) on reporting, investigating and communicating suspected misconduct in development cooperation. Other recently updated sets of guidance, among others, handle:

1. [Finland's policy and guidance note on the prevention and elimination of sexual exploitation, abuse and harassment \(SEAH\) in development cooperation and humanitarian assistance;](#)
2. [Guideline for the crosscutting objectives \(gender equality, non-discrimination, climate-resilient and low-emission development, environmental protection\) in the Finnish development policy and cooperation;](#)
3. [Guidance note: the triple nexus and cooperation with fragile states and regions](#)

### **Reporting on development policy results nationally**

The Government has submitted **development policy results report to the Finnish Parliament** in [2018 \(presenting 2015-2018 results\)](#) and in [2022 \(presenting 2019-2021 results\)](#). Both reports demonstrate key results in the priority areas of Finland's development cooperation, as well as in humanitarian assistance. One of the key findings was that Finland achieves the best results by focusing on its own strengths and competence. According to the 2022 report, Finland has adjusted its cooperation to respond to the rapidly changing circumstances over the past few years. The increased need for assistance brought about by crises has demonstrated the importance of our development cooperation priorities, while the results achieved show the flexibility of our procedures.

### **The Government Report on Finland's international economic relations and development cooperation**

The MFA is **preparing a government report on Finland's international economic relations and development cooperation**, which will be submitted to the Finnish Parliament in spring 2024, following the government report on Finnish foreign and security policy. The report will focus on the strategic priorities of economic external relations and development policy and cooperation. It will further specify the aforementioned development policy priorities of the current governmental term. Finland aims to build partnerships utilizing both trade and development tools and Finland's areas of expertise. The report will deal with economic and trade relations and relations with developing countries and markets. The drafting process is underway and there may still be changes in the focus areas of the report.

### **Legislative changes in preparation**

Finland is currently **preparing legislative changes regarding development cooperation.** The main reason for updating the regulation is related to private sector cooperation and development policy loans and investments. The private sector has a growing role in development cooperation and in the implementation of Finland's development policy, both as a financier and as a producer of solutions. In addition, the project

relates to those reforms, which are necessary to make the legislation correspond with changes in the operating environment.

## B.1 GOOD AND INNOVATIVE PRACTICES

### Issue 1: Comprehensive development policy, covering A. Policy

- i) Reason for selection: reflect on the extent to which Finland is or is not reaching its own objectives and performing well in relation to relevant assessment criteria in the analytical framework.

**Development policy is part of Finland's foreign and security policy and also contributes to Finland's strategic economic relations.** Russia's war of aggression in Ukraine has caused a fundamental change in Finland's international operating environment. This affects strongly the planning of development policy as well.

Finland is an active member within the rules-based global order and builds international relations by taking initiative in the European Union, the UN and other international contexts. Development policy is also examined in the light of our NATO membership. Finland **builds sustainable partnerships with developing countries based on mutual benefit and respect.** Finland will continue to provide humanitarian assistance with a focus on helping the persons in the most vulnerable situations.

Finland's **support for Ukraine is unwavering.** Finland supports Ukraine's efforts by combining various development policy instruments. In addition to development cooperation and humanitarian assistance, development policy loans and investments play a key role.

The current state of the Finnish economy requires adjustments and prioritizing in the allocation of development cooperation appropriations. In its development policy, Finland will focus on its strengths where it has good opportunities to support sustainable development (i.a. gender equality, education, digitalization and clean energy). **Finnish know-how will be utilized more resolutely in development policy,** and cooperation between different stakeholders will be strengthened.

The EU's Global Gateway strategy aims to build a more comprehensive offer, in which Finland as a member of the EU has invested heavily by taking a whole-of-government approach and in cooperation with the private sector. Finland combines various development cooperation instruments more effectively than before, e.g. in digitalization and education.

- ii) Analysis of underlying aspects critical for success, supported by evidence from, for example, evaluations or reviews, monitoring data, or stakeholder surveys.

Growing development challenges make it more difficult to achieve the sustainable development goals, while the gap between available and needed development financing is growing. ODA can leverage private investment for the SDGs and improve the quality of this investment. In addition, **domestic resource mobilization (DRM)** of developing countries must be strengthened. Finland's support to enhanced DRM initiatives has been guided by **two Action Plans (2016-19; 2020-23)**. The Action Plans combine development cooperation with influencing goals. On one hand, the Finnish government is committed to helping partner countries strengthen their taxation capacities, and on the other, Finland is actively participating in the global discussions to curb international tax avoidance and tax evasion.

[A recent evaluation](#) found that thanks to well-articulated set of objectives, the two Action Plans generated coherent financing, with linkages at the country, regional and global levels, and, between development cooperation and influencing. On the other hand, there was a lack of prioritization, and, weak accountability because of the absence of result indicators and regular monitoring. Despite the lack of a whole-of-government approach and limited capacity, the MFA has done well to influence the global tax agenda through its partners, especially through the early and long-standing support to the African Tax Administration Forum (ATAF). In Tanzania MFA has supported the local tax administration through a variety of means. The DAC peer review mission would add value by looking at the synergies of these different instruments in supporting DRM at country level.

Finland needs to have the **ability to influence the solution of development challenges more actively through multilateral forums**. As part of Finland's comprehensive foreign policy, also the focus of development cooperation has shifted from bilateral to multilateral cooperation. The current government programme states that Finland is active and takes the initiative in the UN. The shift in focus is logical.

[An independent evaluation](#) (2020) assessed how Finland influences its multilateral partners and their operations in order to advance the international development agenda. The evaluation confirmed that Finland's influencing activities in multilateral cooperation have been effective and they have contributed to significant changes among others in the policies and practices of multilateral organisations. The evaluation encouraged to continue the influencing activities and to develop them towards an even more strategic direction.

Finnish civil society organizations (CSOs) play an important role in promoting sustainable development and in reducing poverty. **Finland will strongly support the work of Finnish CSOs and civil society also in the coming years**. With multiyear programme-based support, Finnish CSOs support civil societies in developing countries, provide services and participate in advocacy and global education. The CSOs also have an important role in delivering humanitarian assistance and thereby complimenting Finland's overall humanitarian assistance by providing important know-how and technical expertise in different sectors. [According to an independent evaluation](#) (2017) Finland's programme-based funding has (i) provided a more consistent and longer-term support for CSOs to build a more vibrant, pluralistic civil society, and (ii) the CSOs have defended the rights of the persons in the most situations, supported advocacy and built capacity of relevant actors.

iii) Plans or options for future work to build on this strength

The current government programme, valid until 2027, outlines that development policy is comprehensive and therefore part of Finland's foreign policy. **The paradigm shift is expected to be permanent.**

The MFA is currently preparing **a reform of the development policy legislation**. Certain implementation responsibilities will be outsourced so that the ministry can focus more strongly on the role of financier and influencer. The long-term goal is that the Department of development policy will function as a center of expertise in its field, serving the MFA, central government, citizens, companies, organizations, media and other partners. The connection to foreign policy becomes clearer and more straightforward. The department will direct and coordinate Finland's international development policy, cooperation and financing, as well as the global implementation of the sustainable development goals within the foreign service.

[The reform of Finland's foreign service is underway](#) to support the new era of foreign and security policy, taking into account the additional obligations arising from Finland's NATO membership. In terms of development policy, this, together with the above-mentioned law reform and the introduction

of digital tools, offers an opportunity to create a "one-stop service" for project management in development cooperation. Currently, the administration of discretionary government grants is distributed among several different departments. In the new model the administration of these grants would be transferred to the Department of development policy, which would function as a service provider to other departments. The department already manages the majority of the Ministry for Foreign Affairs' development cooperation budget (estimated at 78% in 2024). The share will continue to increase in the future whereas the role of regional departments' bilateral country programs decreases in accordance with the government programme. In times of decreasing number of personnel, organizational reform creates an opportunity to seek a balance between duties and resources through centralized functions.

The implementation of Finland's development policy is based on knowledge and is effective, and its risk management is comprehensive. It is necessary to evaluate new emphases externally. During the second half of the governmental term in 2026, a review of development policy as part of Finland's foreign and security policy and an evaluation of development cooperation's role in enhancing trade and economic activity will be carried out. The SDG-based performance maps and the related aggregate indicators will be used also in the future to direct the implementation and reporting of development cooperation. Influencing plans and synthesis reports continue to be produced.

Two key development projects internally in the next few years: 1) Digitalization and artificial intelligence will be utilized in the preparation of development cooperation projects and in monitoring during implementation phase. 2) Preparation and quality assurance processes are streamlined and merged.

## Issue 2: Gender equality, covering A. Policy, III.1 Global goods and challenges for sustainable development

i) Reason for selection: reflect on the extent to which Finland is or is not reaching its own objectives and performing well in relation to relevant assessment criteria in the analytical framework.

Gender equality, including the rights of women and girls has been a **long-term priority** of Finland's foreign and development policy. The current government programme states that Finland's foreign policy promotes the rights of women and girls in a cross-cutting manner and they are a priority of Finland's development cooperation. Gender equality is advanced through a **three pronged approach: gender mainstreaming, targeted actions and policy influencing and dialogue**. Progress has been made towards the target 85% of new development cooperation projects advancing gender equality as a significant or principal objective. In 2020-2022, 78% of all Finland's development cooperation funding advanced gender equality. Thematically, Finland's gender equality priorities are the prevention and elimination of gender-based violence, sexual and reproductive health and rights, economic and political participation of women and women, peace and security. Gender and digitalization has become a more central part of gender equality work, especially through Finland's role as a co-chair of the Generation Equality Action Coalition on Technology and Innovation for Gender Equality. Finland increasingly **emphasizes addressing discriminatory structures, social norms and gender stereotypes through advancing a so-called gender-transformative approach and the intersection of gender** with other personal characteristics, such as disability, age, ethnicity, sexual orientation and gender identity.

Finland is a **strong advocate** for gender equality and women's and girls' rights in different international fora e.g. EU, Human Rights Council and other UN bodies. This work will continue as stated in the

[Government statement to Parliament on promoting equality, gender equality and non-discrimination in Finnish society](#). This is especially important and requires close cooperation with like-minded countries as gender equality and women's and girls' rights are continuously being challenged as a part of larger efforts to undermine democracy.

Finland is a main core funding donor of UN Women and UNFPA. Financial support is also provided to various international, Finnish and national NGOs working on gender equality and women's and girls' rights.

ii) Analysis of underlying aspects critical for success, supported by evidence from, for example, evaluations or reviews, monitoring data, or stakeholder surveys.

- **Gender transformative approach:** Achieving gender equality requires **addressing discriminatory structures, social norms and gender stereotypes** that are root causes of gender inequalities. Since early 2023, Finland is a **co-facilitator of the EU gender experts' informal working group on gender transformative change**. The group, consisting of 10 EU member states aims to advance gender transformative work as per EU's Gender Action Plan III (GAP III), and build bridges of understanding of and support for this approach. As a country-level example, Finland has supported gender transformative work in Nepal, both in long-term bilateral WASH programmes and in UN Women's Storytelling project which was identified by the European Commission as a promising practice. A focus in both projects is to change norms and practices related to menstrual isolation and to develop indicators for measurement of gender transformative change.
- **A roadmap to achieve the 85 % target of funding for new development cooperation projects** that advance gender equality as a principal or significant objective. This requires a strong emphasis on mainstreaming gender in all sectors, alongside targeted actions, and has entailed, in 2023, a detailed revision of all funding channels and mechanisms for their possible gaps and potential in advancing gender equality. While progress has been made towards the target, a roadmap has been developed with annual targets and an increasingly systematic approach to achieve the target. Also, **updated and more comprehensive instructions** have been integrated in the internal project management system (Aha-kyt) to ensure the correct use of the DAC gender equality marker as a part of improving quality assurance of the projects and programmes.
- **Advocacy work:** Finland's systematic and proactive advocacy has been effective. According to the [evaluation of the Finnish development policy influencing in the European Union](#) (2022) "gender equality stands out as an area where Finland has achieved multiple outcomes". One factor contributing to successful advocacy is the close coordination between different departments and units of the Ministry. Finland also played an instrumental role in ensuring that **the World Bank's updated gender strategy 2024-2030** is ambitious and adheres to a human rights-based approach. Furthermore, in close cooperation between the Ministry's Political Department and Department for Development Policy, **a guidance note** on promoting and mainstreaming gender equality and women's girls' rights has been developed to support the Ministry's and embassies' staff in multilateral negotiations. It states Finland's red lines and provides examples of agreed language, in an increasingly challenging time of pushback against gender equality. This guidance note complements the guidance note of the Prime Minister's Office on the same topic.
- [Guideline for the Cross-Cutting Objectives in the Finnish Development Policy and Cooperation](#) (2020). Finland adopted guidelines on how to advance gender equality and four other cross-cutting objectives in its development policy and cooperation. The guidelines **build on the human rights-based approach to development and define minimum standards** for each of the five cross-cutting objectives (do no harm checklist). Further, the guidelines identify

ways in which gender equality can be advanced beyond the minimum standard (the three-pronged approach mentioned above). The guidelines' content has been operationalized in various funding mechanisms' guidance and procedures and in the development cooperation Quality Assurance Board's operations.

- Finland's 4<sup>th</sup> **National Action Plan on Women, Peace and Security (WPS)** was **prepared in an open and participatory process**, in which civil society actors, academia and government officials worked together to define the goals, objectives and responsibilities of each implementing body. More than 60 parties participated in drawing up and commented on the draft Action Plan. The participatory process allowed for making the most of the expertise of the civil society, enabled a creation of a shared understanding of the Finnish WPS goals and objectives, and re-enforced the existing partnership between civil society and government officials.

iii) Plans or options for future work to build on this strength

The implementation of the 85% target roadmap continues. To enhance staff's knowledge and skills on gender equality and gender mainstreaming, **a specific training package is being planned**. A training on Women, Peace and Security theme is planned for spring 2024. Advocacy work continues across different international fora and processes, e.g. Summit of the Future. **Finland closely cooperates** with like-minded countries to effectively counter the efforts opposing gender equality and women's rights. In the EU, Finland is active in **GAP III implementation** and advancing gender equality and a human rights-based approach in **Global Gateway and Team Europe Initiatives**.

### Issue 3: Results-based management, covering D.1 Quality assurance, D.4 Results, evaluation, knowledge and learning

i) *Reason for selection: reflect on the extent to which Finland is or is not reaching its own objectives and performing well in relation to relevant assessment criteria in the analytical framework.*

Since 2017, the MFA has continued to develop and update its **quality assurance and results-based management (RBM) systems**. A cycle for strategic and results based development policy management which follows the parliamentary election cycle of four years as well as the annual cycle has been developed and institutionalized. In addition to the corporate level, **the management and learning cycle** for all development cooperation modalities and partnership frameworks, i.e. country programmes, multilateral influencing, civil society, as well as higher education institution or private sector partnership, has been introduced.

The MFA has also developed **thematic Theories of Change** for each of the five priority areas that link expected output, outcome and impact results to the Sustainable Development Goals (SDGs) at target level. The results achieved and the challenges faced during the past year are presented in synthesis reports and discussed, together with the outcomes from independent evaluations, internally at MFA in **the annual "Results Day"**. This event focuses on joint analysis and peer learning. The outcomes are used to support strategic decision-making and adaptation as well as budget planning regarding the following year.

An important step forward in terms of accountability and communication was taken in 2018 when the **first Results Report for Finland's Development Policy** was submitted to the

Parliament and it was discussed at the plenary. [The second report](#) was submitted in November 2022. The preparation of the latter benefitted from the feedback received during the first round.

ii) *Analysis of underlying aspects critical for success, supported by evidence from, for example, evaluations or reviews, monitoring data, or stakeholder surveys.*

The MFA has a long tradition of grounding its cooperation on the effectiveness principles including those of broad country ownership and inclusive partnerships. These, alongside with other principles and objectives e.g. sustainability, are included in **the set of 10 quality criteria** that are examined by the “Quality Board” before funding decisions are made. To support the accountability of Finland's development policy as a whole vis-a-vis the expected results, voluntary aggregate indicators for each priority area have been established and they are aligned with the SDG indicators whenever possible.

[The RBM guideline](#) dating from 2015 was updated in 2023 to better reflect the changing operating environment and e.g. to clarify MFA's approach in relation to adaptive management in fragile and complex contexts. The new guidance **emphasizes SDG alignment and highlights the importance the OECD/DAC Guiding Principles for Management for Sustainable Development Results**. The MFA does not define what school of thought or RBM approach its partners should utilize. However, it requires a result culture that supports the effectiveness of development policy and enables effective monitoring and evaluation for the MFA. Thus, the use of most suitable indicators is always discussed and agreed upon with the partners. **The aggregate indicator pool** was developed in close consultation with Finnish stakeholders and the MFA desk officers and it was updated in late 2023 based on feedback received. To highlight the principle of Leave-No-one-Behind, the MFA expects disaggregation of results information by sex, age and disability whenever possible.

**RBM has been particularly well adopted and implemented in the country programs.** In the evaluations aspects that are often times linked to the bilateral cooperation such as reliance on country strategies and programmes, comprehensive representation network at the country level as well as focusing on development policy priorities, emerge as factors promoting performance. As country programs form a small proportion of the Finnish ODA there is room for improvement in developing a simpler set of criteria that takes into account of RBM-programmes of multilateral entities, as majority of Finnish ODA is channelled through them.

**RBM and evaluation training have been institutionalized** as core elements in the development policy course, which is an obligatory training course for all MFA staff whose terms of reference include development policy and cooperation –related tasks.

iii) *Plans or options for future work to build on this strength*

The results data per priority area is collected on the basis of the aggregate indicators from all modalities via **an information management platform** which is currently being updated to better support various information needs. **A more harmonized guidance is being developed** for the Quality Board process to ensure that e.g. RBM aspects are analysed in a more coherent manner across funding modalities.

The recent reductions in the human and financial resources as well as the upcoming government report which combines, for the first time, the objectives of development policy and those of foreign trade policy will require **a shift in the way MFA plans, manages and reports on development results**.

Special attention should thus be paid to further strengthening the capacities of current staff.

#### Issue 4: Development policy loans and investments covering C.3. Incentivising additional development finance

- i) Reason for selection: reflect on the extent to which Finland is or is not reaching its own objectives and performing well in relation to relevant assessment criteria in the analytical framework.

Since the Addis Ababa Action Agenda was endorsed in 2015, **Finland has placed a strong emphasis on private sector engagement and leveraging of private funds and capacities** to maximize development outcomes and impact. The development policy program in 2016 placed a strong emphasis on partnering with the private sector and set a goal of leveraging additional financing with Finnish funding. The Finnish DFI Finnfund was placed at the forefront of Finnish development policy with goals to grow its operations and increase its risk appetite towards LDCs and LMICs. Based on the goals set in the program, new private sector instruments were created and previous ones developed further with an emphasis on responsible business conduct and development impact. The government programs in 2019 and 2023 have continued placing an emphasis on leveraging additional finance and corporate involvement and investments. Finland has set long term priority to gender equality, human rights based approach, people with disabilities and also increasingly on taxation.

The use of concessional loans and fund investments introduced in 2016 have successfully been institutionalized and operationalized in Finland's development policy. In 2019, an investment plan was approved to guide their use. At transaction level, the fund investments have been successful in mobilizing additional finance. At policy level, the **concessional fund investments have been successfully used to strengthen Finland's influencing in IFIs** and to enable them increase their mobilization efforts and to broaden their non-sovereign operations.

Finland was **IFC's first bilateral partner to support its blended finance operations** in 2017 and **one of the launching partners in EBRD's High Impact Partnership on Climate Action** in 2021. In 2022, a third bilateral blended finance fund was launched with IDB Invest. Finland was the **anchor investor in Asian Development Bank's first venture capital initiative ADB Ventures Investment Fund** in 2020 and will act as the anchor investor also in the second fund in 2024. Finland will also be a **key investor in IFAD's first major blended finance vehicle ARCAFIM** that finances climate adaptation investments in East Africa. ARCAFIM is a new innovative vehicle combining elements of various financial instruments.

**Concessional loans** in 2016 and 2019 helped **Finnfund** scale up its operations. The company more than doubled its portfolio between 2016 and 2023. A **special risk guarantee**, originally issued in 2012, was reintroduced in 2018 and doubled in size in 2020 which enabled Finnfund to venture into riskier markets and investments and especially to Africa. The growth and development of Finnfund has helped it become a credible impact investor that is able to raise financing from the private market and act as a lead investor.

With the help of Finnfund a private asset manager launched **OP Finnfund Global Impact Fund in 2021** that makes investments aligned with Finnfund's development mandate. The fund raised half of its funding from private investors. In 2022, Finnfund published its **sustainability bond framework**. With the issuances of a sustainability-linked bond (2022) and a green bond (2024), the company has raised 175 MEUR of private capital into its balance sheet.

- ii) *Analysis of underlying aspects critical for success, supported by evidence from, for example, evaluations or reviews, monitoring data, or stakeholder surveys.*

The concessional loan and fund investment operations have not yet been evaluated as a whole. Most of the individual funds are still in their first years of implementation, which restricts the possibilities to evaluate their impact. The IFC fund has been a part of evaluations in 2021 and 2023 with promising indications e.g. in development impact and capital mobilization. Finland has been found to be an effective influencer beyond its size especially in terms of cross-cutting objectives, such as gender equality. Given the strong focus of the investment plan in 2020-2023 on gender equality, the integration of gender into climate mitigation efforts has been especially strong in Finland's fund investments.

One key constraining factor of the development of the use of loans and investments have been the limited human resources and capacity as prior to 2016, the Ministry did not have much existing expertise on loan and investment transactions. The staffing of the unit managing the funds was strengthened permanently in 2022, which has allowed for more effective programming as well as the development and institutionalization of investment policies and processes.

The development of Finnfund is clearly evidenced in the evolution of the company's new investment decisions. The investment portfolio has more than doubled in the last decade. During latest complete reporting year (2022) almost all new investments decisions in Finnfund were in LDCs/LMICs. New investment decisions into Africa more than tripled since 2012. An evaluation in 2021 found that Finnfund was a leading DFI e.g. in its rigorous tax policy and in finding Women's Economic Empowerment (WEE) opportunities, both of which are Finland's development policy priorities.

Thanks to its evolution, Finnfund is highly regarded amongst its peers and also private investors which is showcased in the successful transactions such as the bonds and the impact fund described above. One factor behind Finnfund's success has been use of various financing instruments and the substantial increase in funding from the government, but it has been key that Finnfund has developed its management and organization to enable this change, and has been successful in attracting both Finnish and international talent.

iii) Plans or options for future work to build on this strength

**A new investment strategy** will be prepared in the spring of 2024 based on the current government program. The focus will be on capital mobilization to the private sector and Finnish added value. During the government term, the **national legal framework on blended finance is currently under review and will most likely be updated** to correspond with the new investment strategy.

Together with USAID, Denmark and Sweden, Finland launched a joint **Investment Mobilization Collaboration Arrangement (IMCA)** at COP28, envisioned to be one major element in Finnish blended finance operations. This will entail broadening the investment horizon from IFI-managed funds to privately managed funds.

Finnfund will continue to be a crucial part of Finnish efforts to leverage additional finance. Based on e.g. the findings of the evaluation and a review by the National Audit Office in 2023, the government ownership policy has been lengthened to the full cabinet period (2024-2027) to enable a more strategic and long-term approach. In 2023, the company signed an agreement with the European Commission on a **EFSD+ guarantee and a TA programme for digitalisation in Africa**. The Ministry for Foreign Affairs is prepared to support the implementation of the programme. **In addition, a new risk guarantee for Finnfund's investments in Ukraine** is envisioned for 2024, alongside a **capital increase**.

**A major legislative overhaul on grant-based private sector instruments** will be carried out in 2024-2025 to increase Finland's possibilities to support the development of bankable projects and thus leverage additional finance. The aim is also to transfer the management of also grant based and concessional private sector funding instruments from the Ministry for Foreign Affairs to Finnfund to enable a broader and more comprehensive range of support instruments available within one institution.

**Issue 5: Cooperation with civil society, global education and openness of data covering II.4 Civil society, III.3 Global education, awareness-raising and public support, C.1 ODA volume and transparency**

- i) Reason for selection: reflect on the extent to which Finland is or is not reaching its own objectives and performing well in relation to relevant assessment criteria in the analytical framework.

Finland is committed to supporting vibrant civil societies in its development policy. The Finnish government's strong support to CSOs has also been reiterated in consecutive government programmes. Finland has had a longstanding partnership with Finnish civil society actors as well as international and local civil society organizations. Most of the funding is directed via partnerships between Finnish CSO and their local and international partners to 77 countries.

Ministry's first **Guidelines for Civil Society in Development Policy** published already in 2010, updated in 2017 and now MFA is looking into **implementation of OECD DAC's CSO recommendations**. Civil society also has an important role in Finnish Foreign Policy (2020) where it is stated that Finland's policies are based on equality in the implementation of civil and political rights, as well as in the implementation of economic, social and educational rights. Under development policy and cooperation there have for long been specific support channels for CSOs. Finland supports CSOs as independent actors in their own right to strengthen local civil societies as well as to achieve other development policy objectives. All CSOs receiving support must aim to strengthen local civil societies and have local partners. **Local ownership and equitable partnerships** in the planning, implementation and decision-making are reviewed as part of the criteria for funding.

Finland funds civil society actors through **several different funding instruments** that support a diversity of CSOs (Finnish, partner country, international, large, small etc.). Finland also finances domestic civil society actors who directly finance projects planned by partners in the Global South through open call for proposals. The starting point is the implementation of projects in accordance with the principles of locally led development, where decision-making, resources and project management are locally led and managed. In addition to financing instruments for Finnish CSOs, Finland has for decades used **Local Cooperation Funds (LCFs)**, a country-based, demand-driven instrument channelling direct funding to local CSOs.

**Finland has always recognized the independent role of CSOs and promoted civic space and democracy in its development co-operation.** A recent study, [\*Finland's action to strengthen civil societies and advance their enabling environment\*](#) (2022), pointed out that the strengthening of civil societies is perceived very important across Finnish development policy sectors, and its emphasis has increased. However, this study and a very recent study on Finnish Democracy Support by the

Development Policy Committee of Finland (Demokratia vaatii vahvistamista kaikkialla. Mahdollisuuksia demokratian lujittamiseen Suomen kehityspolitiikassa ja ulkosuhteissa, 2024) recommended a more strategic and political approach to Finnish support for democracy and civic space.

- ii) *Analysis of underlying aspects critical for success, supported by evidence from, for example, evaluations or reviews, monitoring data, or stakeholder surveys.*

One key has been a **clearly and openly stated role of civil society**. **Civil Society consultations** have been a long standing practice before annual UNGA and also other events. Over the years, both the ministers and senior civil servants have worked in close cooperation and, for example, joint meetings have been organized at a low threshold. Hierarchies in Finland tend to be low and interaction between CSOs and ministry officials is easy and ongoing.

**MFA's funding cycles for civil society grants span four years and aim for predictability**. A large share of the funding has not had any geographical and thematic restrictions apart from those set by DAC to the ODA. Also **diversity of CSO actors** has recognized as a strength. The regular and predictable applying cycles aim to serve CSOs planning and implementation. CSOs can also make adjustments in their budgets as well as request to use development cooperation funds for humanitarian purposes if there are changes in the local context requiring immediate changes to a project or programme. The largest funding instrument, **Programme support**, includes a flexible unallocated share of 10 % per year (since 2022). There is no cap for administrative expenses of local partners or for expenses concerning strengthening of local partners, also allowing for long term core support.

Over the years MFA has increased the number of consultations and information sharing in form of thematic morning coffee sessions and workshops especially with programme support partners. Ongoing **information sharing and exchange of views** is also done with project partners especially through the umbrella organization of Finnish Development CSOs Fingo. Over the years, there has been strong collaboration on key issues. CSOs participated in the creation of indicators for Finnish development cooperation. Also guidance for instruments and reporting are created and updated together with grant recipients.

In the field of **global education**, MFA's cooperation with the National Board of Education has had wide-reaching impact with limited resources over the years. Based on that success, MFAs support for global education has recently concentrated on providing tools and materials fit for purpose for teachers of general education. Support for global education remains an important part of MFAs cooperation with the civil society but will be terminated as a Ministry engagement. This applies also to general **awareness raising** activities where the SDGs provide a common, guiding framework. Following organizational and resource adjustments 2024, MFA communications will focus on the daily stream of official communications and on ensuring **accountability** for the general public. In this respect, MFA's fruitful **cooperation with the media** continues. However, the previous format of "Development Academy" is to be significantly altered.

The MFA continues to put emphasis on the funding of civil society. The CSOs have an important role in carrying out global education, development communication as well as development policy advocacy work.

Finland reports thoroughly on the OECD DAC CRS –reporting including voluntary reporting information on ODA statistics. In 2021 DAC WP STAT conducted a statistical peer-review that aims to open Finland's development statistics practices. Finland is also a member of International Aid

Transparency Initiative (IATI) which supports and enhances the transparency of aid finance by providing open data on aid finance flows. To provide transparent information on development aid MFA **has developed an open data portal (openaid.fi)** to provide up-to-date and user-friendly access to ODA-data and to communicate openly about the aid and projects nationally as well as internationally. Data in openaid.fi is based on ODA-statistics as well as some of Finland's own development policy information and are updated monthly on the recent commitments and disbursements. On national progression MFA is part of the **development of national government aid digitalization program VA Digi** which will also openly report on government aid and development as part of it.

MFA responds to disinformation by actively producing correct information on topics related to foreign and security policy, and by repeating joint messages from the EU, NATO and international partners. MFA also aims to support the identification of disinformation and the improvement of media literacy globally, for example in African countries, where round table discussions for journalists on the identification of disinformation have been organized in 2024.

*iii) Plans or options for future work to build on this strength*

**Early 2024, the government will present the new CSO strategy and its implementation plan.** Within the framework of the strategy, redundant regulation regarding CSOs and voluntary activities will be reduced, the possibilities for CSOs' own fundraising will be examined and the interaction between the administration and civil society will be further improved.

The MFA aims to **continue and strengthen the dialogue with its CSO partners** and holds meetings on subjects of mutual interest several times per year as well as in a Minister level partnership forum with the programme partners.

There are plans to further increase flexibility and the nexus approach by combining the funding for development cooperation and humanitarian assistance in the next call for proposals for programme partners (2025).

Currently, a lightening of the administrative burden of small and medium sized CSOs that are funded through the project support instrument is being prepared. Aim is that in future, these CSOs will have lighter requirements on how to report on spending.

**Finland recognizes fully free civic space and active and meaningful role of civil society to be part of well functioning democracy.** Initial steps have been taken and there are plans to continue to entwine these aspects closer together. Ultimate aim is to coordinate efforts to more closely connect these topics across units and departments in the ministry.

Also with regard to locally led development, while Finland has always required partnership with local civil societies, more needs to be done to fully recognize the existing and shifting power relations in the funding modalities as well as within the partnerships. Work is currently being done to strengthen the Finnish approach to CSOs and localization.

## B.2 CHALLENGES AND OPPORTUNITIES

### Issue 6. Enhancing coordination between trade and development agendas, covering II.1 Multilateral partners, II.5 Private sector, III.1 Global goods and challenges for sustainable development, III.2 Policy coherence for Sustainable development

- i) Reason for selection: reflect on the extent to which Finland is or is not reaching its own objectives and performing well in relation to relevant assessment criteria in the analytical framework.

Finland has made efforts to bring trade and development closer to each other. Finland has had a minister who is responsible for both foreign trade (incl. trade policy) and development policy since 2003, with the exception of 2011–2015 when these two portfolios were separated. It means that 2024 is the 17<sup>th</sup> year when the Government of Finland has a minister for foreign trade and development.

**Internally, in the MFA, trade and development experts have close collaboration.** However, one reason for not being very successful in bridging the gap between trade and development is the organizational structure and the separate mandates of the two departments. The sole person with a mandate to govern both departments is the Minister. Moreover, **the different competences** of the development policy (national) and trade policy (EU Commission) has also a divisive effect. On the other hand, the MFA's private sector instruments that are hosted in the Department for Development Policy are both guided by development considerations but target also strongly the internationalization efforts of the Finnish businesses, including investments, business partnerships and innovations. Furthermore, most multilateral trade and development organizations and programs are, in turn, administered in the Department for International Trade (Unit for Sustainable Trade) and are strongly guided by development policy principles and values, including gender equality, rights of persons with disabilities and climate change.

- ii) Analysis of underlying factors constraining greater progress, supported by evidence from, for example, evaluations or reviews, monitoring data, or stakeholder surveys.

**Finland provides several multilateral trade and development organizations and programs with both core funding and earmarked funding.** Pure core funding has been granted to e.g. Enhanced Integrated Framework (EIF), International Trade Centre (ITC) and various WTO funds such as the Standards and Trade Development Facility (STDF). The beneficiaries of earmarked funding include e.g. the UN Industrial Development Organization (UNIDO), International Labour Organization (ILO) and also the ITC ("soft earmarking"). **Finland has always chosen the mode of funding with the intention to achieve certain objectives:** core funding for organizations which accept only core funding (EIF, WTO funds, Advisory Centre for WTO Law [ACWL]) or the work of the organization as a whole is strategically important to Finland and the objectives and values of the organization are well aligned with those of Finland. In turn, earmarked funding has been regarded as a preferred mode for some specific objectives such as gender equality, women's entrepreneurship, circular economy, African Continentwide Free Trade Area (AfCFTA) or core funding to the organization cannot be fully reported as ODA (e.g. ILO). This arrangement has worked well, and depending on Finland's own objectives, the mode can be changed once the funding agreement ends and a new one is being drafted.

Finland's **bilateral and multilateral funding should ideally be mutually reinforcing.** In practice, these two modes are often unlinked to each other. One reason for this is that Finland's bilateral support

to business environment, trade and productive capacities has been steadily declining over the years and is currently relative small scale. Therefore, the opportunities to align those two are very rare. Nevertheless, Finland has allocated multilateral trade and development funding to such countries in which Finland's bilateral aid has come to an end and there is a transition to other forms of cooperation. Such countries include South Africa, Namibia and Zambia where Finland has supported UNIDO's projects as part of a transition or post-transition. It should, however, be also noted that even if Finland's bilateral and multilateral trade and development support are not necessarily mutually supportive, they surely are not mutually exclusive either, let alone negative to each other.

Finland's **support to improve the business environment is channeled mainly through multilateral channels**, such as International Financial Institutions (e.g. African Development Bank) and multilateral trade and development organizations and programs, e.g. EIF and ITC. In these cases, Finland is not part of the policy dialogue community at the country level.

**Finland's funding to the private sector is almost exclusively channeled to the Finnish private sector what comes to the private sector instruments (Finnfund, Finnpartnership, Public Sector Investment Facility [PIF], Developing Markets Platform [DevPlat]).** The private sector in the partner countries has been supported with a few projects and programs, such as the Energy and Environment Partnership Program in Southern and East Africa (EEP Africa). Finland has also supported various private sector, trade and export organizations in the partner countries to help the local private sector to benefit from improved business services, knowledge sharing and public-private dialogue (e.g. EIF, ITC, Accelerated Growth for SMEs in Zambia [AGS] project, UNDP's Aid for Trade project in Central Asia).

Finland has helped to strengthen the dialogue and coordination of stakeholders as well as that among donors especially in Zambia in which Private Sector Development used to be one of Finland's main sectors of cooperation.

Finland has been engaged in collective efforts to promote global goods in and for developing countries through various channels. Examples include WTO's funds (Global Trust Fund), EIF, ITC and Advisory Centre for WTO Law (ACWL). Some global goods include various knowledge products such as research and policy papers, such as trade and disability inclusion.

Finland has been **an active proponent of open and free trade that is beneficial also for the developing countries.** While the development policy and cooperation are Finland's competence, the trade policy is the European Commission's exclusive competence. Finland has actively participated in the trade policy dialogues at the EU level and contributed the special needs of developing countries to the discussion and dialogue in the EU. In addition, Finland supports multilateral organizations and programs that help the developing countries to better adapt to and benefit from the EU's and global trade policies (e.g. WTO's Global Trust Fund and ACWL).

iii) Plans or options for future work to enable improvement

Currently the Ministry is **preparing a Government Report that will outline priorities in areas of international economic relations and development cooperation.** The report will also consider how the two policy areas support each other. The report is expected to be finalized during the first half of 2024.

**Issue 7: Technology, Innovation and digitalization, covering A. Policy, II.1. Multilateral partners, III.1 Global goods and challenges for sustainable development**

i) Reason for selection: reflect on the extent to which Finland is or is not reaching its own objectives and performing well in relation to relevant assessment criteria in the analytical framework.

The impact of technology and digitalization as a **megatrend** shaping our societies and economies is on the rise, also comprehensively affecting the conditions under which development takes shape, as noted by the OECD's Development Cooperation Report 2021.

Finland's development policy has had an emphasis on the role of science, technology and innovation for development in some way or form for almost 20 years. While general policy priorities have remained somewhat stable, development cooperation and programming has changed significantly over the years, **from an earlier emphasis on bilateral projects to a more recent focus on multilateral and private sector cooperation. The EU and the United Nations** have emerged as main multilateral channels for Finland, whereas private sector-related work and investments have grown especially in the case of Finnfund and MDB's. The traditional emphasis on capacity building has given way to an increased role also in development of digital infrastructure and services. These evolutionary trends have not in all cases been backed up or guided by an analysis of how Finland could best achieve its overall policy goals, and how Finland should work in this sector.

The peer-review process could be helpful in providing an evidence-based assessment on **how Finland could increase its global handprint as a contributor to inclusive, trusted and human-rights based digital development**. It could further help understand how Finland's implementation capacity could be strengthened **in a whole-of-government fashion**. It could support further definition of thematic priorities for Finnish development cooperation such as connectivity, public sector digitalization, cybersecurity, gender equality or digital learning. Further, it could provide recommendations on how **to develop the ways Finland works through multilateral partners** and enhance these partnerships to scale digital solutions. And it could contribute to a better way to **enhance internal organization and working methods**, to coordinate various policy perspectives, manage risks and maximize synergies between different instruments and cooperation modalities.

ii) Analysis of underlying factors constraining greater progress, supported by evidence from, for example, evaluations or reviews, monitoring data, or stakeholder surveys.

Unlike many other DAC-members, Finland does not have a specific strategy for promoting digitalization or innovation in development cooperation. **Choices about where and how to focus have largely been following more general trends** such phasing out of bilateral cooperation and increased role of multilateral and private sector cooperation. Although clearly linked to overall policy goals, decisions have also been in some ways opportunistic, for example in the case of expanding funding for Finland-based UN entities since 2018. The means to systematically involve Finnish partners and draw on Finnish digital expertise in different types of projects and partnerships are currently limited. The Ministry for Foreign Affairs **lacks dedicated implementation capacity for digital projects**, but is taking steps to build this in the context of EU's Digital for Development (D4D) programming, in partnership with HAUS – the Finnish Institute for Public Management.

In the field of **digital connectivity, cooperation with the Finnish private sector and relevant public sector entities has been strengthened** with an aim to enhance Finland's involvement in the EU's Global Gateway strategy and related connectivity initiatives. The tools for systematic portfolio management are also not well developed: it is relatively easy to define a set of projects or interventions

that explicitly and directly contribute digital- or innovation-related policy objectives, but more difficult to understand how digitalization is mainstreamed within Finland's development cooperation overall. Managing technology-related risks (including human rights risks) is also becoming more and more important.

**In 2023, the Development Policy Committee commissioned a study** on Finland's work to narrow the digital divide globally. The study recommended a more strategic and systematic approach to digitalization in Finland's development policy, prioritizing of human rights, gender equality and non-discrimination in this work, strengthening of multilateral cooperation and investing in building capacity in partner countries.

iii) Plans or options for future work to enable improvement

The current government program will see Finland continuing to work within to support digitalization, but in an environment that is increasingly marked by geopolitical threats, rapid technology development and human rights risks emerging from use of new technologies, as recognized by Finland's Human Rights Policy from 2022. **Policy influencing** has become an increasingly important tool to influence the direction of digital policies and local ecosystems, at country, regional and international levels. At the same time, steps are being taken to link trade and development closer and to pool Finnish resources and expertise in new ways. This all calls for a policy outlook in which development policy is increasingly situated in the context of broader foreign and security policy, including a strong focus on trade and human rights. These should be reflected on in the forthcoming government report on Finland's international economic relations and development cooperation, to be finalized in the first half of 2024.

**A review of Finland's work to support digital transformation of developing countries** is planned for the second half of 2024, to be commissioned by the Development Evaluation Unit of the MFA.

## Issue 8: Risk management, covering D.2 Risk management and due diligence

i) Reason for selection: reflect on the extent to which Finland is or is not reaching its own objectives and performing well in relation to relevant assessment criteria in the analytical framework.

**OECD DAC Peer review recommendations** from 2012 and 2017 stressed the importance of developing a risk-based approach for Finnish development cooperation. Furthermore, the OECD DAC recommendations for corruption risk management 2016 provided a novel framework for integrating anti-corruption measures into ODA delivery, also aligning with the objectives of the [Finnish National Anti-Corruption Strategy 2021](#) and action plan.

**MFA's Risk Management Policy 2020** provides the overall framework for risk management in the ministry according to [the recommendations of the Government committee on internal audit and risk management](#). The ministry's financial regulation and working order stress that the responsibility of risk management lies with each Unit and Embassy.

**MFA's [ODA Risk Management Policy 2021](#)** underlines commitment to integrating risk management to all ODA operations and all stages of the project's lifespan. The Unit for Administrative and Legal Development cooperation matters supports the implementation of the Policy. The Unit provides guidelines, tools, training, and other advisory services on risk management for all MFA's units for ODA and coordinates the cross-departmental Risk Management Group.

MFA appreciates OECD DAC's assessment of implementing OECD DAC recommendations and insight into the best practices for risk management. Despite continued investments by MFA for improving risk management in development cooperation, it is still a relatively new function. The findings of the internal audit and evaluation units have provided practical recommendations, but MFA has not evaluated the implementation of the ODA Risk Management Policy. Therefore, OECD DAC peer review 2024 findings and recommendations will provide timely contributions to the **further development of Policy and practice**.

ii) Analysis of underlying factors constraining greater progress, supported by evidence from, for example, evaluations or reviews, monitoring data, or stakeholder surveys.

**MFA's approach to developing risk management has been pragmatic and based on the existing operational structures and quality control mechanisms.** All units and Embassies are responsible for implementing the policy recommendations and ensuring adequate risk management in ODA. **Specific instructions and guidelines** for different ODA instruments have been issued and are available in the ODA guidelines repository (KETTU). The ODA risk management policy 2021 and subsequent changes in the working order have incrementally strengthened the Unit for Administrative and Legal Development Cooperation Matters role to support and guide policy implementation. **The cross-departmental risk management group** convenes regularly to prioritize future development actions and provide recommendations. Also, each unit and Embassy managing ODA funds has appointed a risk management focal point.

Besides the ODA Risk Management Policy 2021, recent milestones in developing risk management include **the Norm 5/2023** Reporting, investigating, and communicating suspected misconduct in development cooperation, and [the Guidance note on the prevention and elimination of sexual exploitation, abuse, and harassment in development cooperation and humanitarian assistance](#). Furthermore, **guidelines for ODA monitoring and supervision** issued in November 2023 provide further instructions to MFA staff on implementing the Policy in practice and elaborates on MFA's three lines of defence model for ODA. New risk management requirements are also reflected in the revised terms and conditions for government grants and grant contracts with, e.g., multilateral agencies and developing MFA's IT systems.

The National Audit Office and MFA's Internal Audit Unit evaluate the statutory responsibilities of MFA on risk management and internal controls through regular audits and performance reviews. **Despite significant improvements, there are some concerns regarding the capacity and availability of human resources for financial management and auditing matters.** The foreseen reform of the Ministry for Foreign Affairs may provide some avenues for tackling the structural problems of fragmentation and human resources for ODA management in MFA.

iii) Plans or options for future work to enable improvement

MFA does not have an endorsed strategy or an action plan for guiding the implementation of the ODA risk management policy. However, Policy implementation is discussed in the risk management group, and the Unit for Administrative and Legal Development Cooperation Matters has an annual plan approved by the senior management that includes actions for developing risk management. Also, all audit and evaluation recommendations include a plan of action agreed upon by the Senior Management. The Department for Development Policy plans to commission **an external evaluation of risk management in 2024** to take stock of the achievements and consider priorities for future development.

In 2023, the new government launched a major reform of Finland's Ministry for Foreign Affairs. This ongoing reform may provide new opportunities for developing risk management for ODA, and other

operational changes must be aligned with the reform’s objectives and design. Deepening collaboration with the State Treasury and Ministry of Finance in establishing a joint grant management platform is expected to enable the digitalization of grant management and increase automation and, possibly, AI applications supporting MFA’s operations.

### Issue 9: EU delegated cooperation, covering II.1 Multilateral partners

- i) Reason for selection: reflect on the extent to which Finland is or is not reaching its own objectives and performing well in relation to relevant assessment criteria in the analytical framework.

Finland does not have a separate development cooperation agency, but development cooperation is part of the mandate of the Ministry for Foreign Affairs of Finland (MFA). **The MFA has undergone the EU pillar assessment enabling it to manage delegated cooperation funds.** Evaluation of the Finnish Development Policy Influencing in the European Union (2022) concluded that the foundations for increasing use of the EU delegated cooperation is still weak, although steps towards scaling up the EU funds have been since taken. In 2023, the MFA has signed three delegated agreements with the EU support, two in Nepal and one in Africa.

- ii) Analysis of underlying factors constraining greater progress, supported by evidence from, for example, evaluations or reviews, monitoring data, or stakeholder surveys.

**The creation of EU delegated cooperation position in Helsinki** on 2023 speaks to the fact that the MFA has a real intention to expand its knowledge and leveraging EU funds for Finnish interests as a whole-of-government. **The recent study (2023)** provides an analytical overview of the role and involvement of Finnish public sector institutions in development policy and cooperation, as well as a strategic assessment of the opportunities and challenges that enable or restrict stronger participation in development cooperation and policymaking of Finnish institutions.

**Finnish agencies** engage in extensive international cooperation, including participation in the implementation of development policy and cooperation, and many of them have submitted their applications for launching a Pillar Assessment. The MFA has established **a peer review group with the agencies** in order to exchange experiences and to support their pillar assessment process and internationalization. However, Finland’s approach seems to be problematic for EU Commission, which seems to favour a model where all delegated cooperation related activities are centralized under one agency or body. For Finland, this would mean adjustments to existing decision-making procedures, creation of new structures and securing sufficient resources to run the new body.

As a part of the Government’s budget cuts Finland has reduced the number of country programs, which will also affect the staffing at the Embassies in developing countries. **Tight staffing and presence** at the country level as well as in the Permanent Representation in Brussels are a clear constraint for influencing and “connecting the dots” for new EU Team Europe Initiatives and the Global Gateway. The MFA joined the **Practitioners’ Network** on 1<sup>st</sup> January 2024 and this has potential to become important platform for Finland influencing. Finland has not made strategic use of the SNE positions in DG INTPA.

- iii) Plans or options for future work to enable improvement

**The ongoing MFA organisation reform** enables to build more clarity on internal coordination for EU delegated cooperation, Team Europe Initiatives and the Global Gateway. There is also possibilities to find synergies between EU instruments (Twinning and TAIEX), use of Public Sector Expertise (PSE) and delegated cooperation but that requires some adjustments and capacity building. Decline of the country programs may also create an incentive to seek scalability opportunities in new sectors, countries and regions where Finland has added value and potentially something to offer. There is more scope for Finland to access EU funding through pillar four (grants) which the MFA has not used so far. **The peer-review-process could be helpful in providing in-depth insights and analysis of best practices in areas of engagement of PSE actors (agencies, academia and research, private sector and civil society) in Team Europe and Global Gateway initiatives and scaling up of the pillar four.**

There is also the question of how much Finland wants to get involved in delegated cooperation. This is the **policy choice** that needs to be made based on the Ministry's vision of its future priorities for Finland's involvement with EU development cooperation and then systems, including financial administration process, put in place to tackle them systematically.

### C. COMPLEMENTARY INFORMATION AND PREVIOUS PEER REVIEW RECOMMENDATIONS

The implementation of the 2017 peer review is described in the annex 5 below.

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## **E. ANNEXES**

### **E.1 MOST RECENT DEVELOPMENT CO-OPERATION POLICY, STRATEGY.**

The government report on Finland's international economic relations and development cooperation is currently being prepared and will be submitted to the Finnish Parliament in spring 2024.

The government programme can be found [here](#).

### **E.2 DEVELOPMENT POLICY RESULTS REPORT**

The latest development policy results report can be found here: [Development Policy Results Report 2022](#)

### **E.3 ORGANISATIONAL CHART AND INFORMATION ON HUMAN RESOURCES**

#### **a) Organizational Chart**

The organization chart can be found [here](#).

#### **b) Information on human resources**

<b>Staff</b>			
	<b>Women</b>	<b>Men</b>	<b>Total</b>
<b>1. Sent out staff</b>	<b>63 %</b>	<b>37 %</b>	<b>585</b>
<b>2. Locally hired personnel</b>	<b>65 %</b>	<b>35 %</b>	<b>831</b>
<b>3. Staff in the headquarters</b>	<b>65 %</b>	<b>35 %</b>	<b>802</b>
<b>All staff</b>	<b>64 %</b>	<b>36 %</b>	<b>2218</b>

<b>Staff working in development cooperation</b>			
	<b>Share of women</b>	<b>Share of men</b>	<b>Total</b>
<b>1. Sent out staff</b>	<b>69 %</b>	<b>31 %</b>	<b>16</b>
<b>2. Locally hired staff</b>	<b>83 %</b>	<b>17 %</b>	<b>30</b>
<b>3. Staff in the headquarters</b>	<b>74 %</b>	<b>26 %</b>	<b>95</b>
<b>3.1 Diplomatic career</b>	<b>67 %</b>	<b>33 %</b>	<b>21</b>
<b>3.2 Administrative career</b>	<b>100 %</b>	<b>0 %</b>	<b>10</b>
<b>3.3 Special civil servants</b>	<b>70%</b>	<b>30 %</b>	<b>64</b>
<b>Total</b>	<b>75 %</b>	<b>25 %</b>	<b>138</b>

#### **E.4 LIST OF ABBREVIATIONS**

ACWL	Advisory Centre for WTO Law
ADB	Asian Development Bank
AfCFTA	African Continental Free Trade Area
AGS	Accelerated Growth for SMEs in Zambia
AHA-KYT	Finland's MFA's Internal project management system
ARCAFIM	Africa Rural Climate Adaptation Finance Mechanism
ATAF	African Tax Administration Forum
DFI	Development finance institution
D4D	EU's Digital for Development
DevPlat	Developing Markets Platform
DG INTPA	European Commission DG for International Partnerships
DRM	Domestic resource mobilization
EBRD	European Bank for Reconstruction and Development
EEP Africa	Energy and Environment Partnership Program in Southern and East Africa
EFSD+	The European Fund for Sustainable Development Plus
EIF	Enhanced Integrated Framework
ESIA	Environmental and social impact assessment
GCF	Green Climate Fund
GEF	Global Environment Facility
HAUS	Finnish Institute for Public Management
IATI	International Aid Transparency Initiative
IDB Invest	Inter-American Investment Corporation

IFC	International Finance Corporation
IFIs	International Financial Institutions
IMCA	Investment Mobilization Collaboration Arrangement
ITC	International Trade Centre
KETTU	Finland's MFA's development policy execution reform
LCF	Local Cooperation Funds
LDCF	Least Developed Countries Fund
LDCs	Least Developed Countries
LMICs	Low- and Middle-Income Countries
MDBs	Multilateral development banks
MFA	The Ministry for Foreign Affairs
NDCs	Nationally Determined Contributions
NDF	Nordic Development Fund
PIF	Public Sector Investment Facility
PSE	Public Sector Expertise
RBM systems	Quality assurance and results-based management (RBM) systems
REAP	Risk-informed Early Action Partnership
SEAH	Sexual exploitation, abuse, and harassment
SIDS	Small Island Developing States
SNE	Seconded national expert
STDF	WTO funds such as the Standards and Trade Development Facility
TA	Technical Assistance
TAIEX	Technical Assistance and Information Exchange
UNFCCC	The United Nations Framework Convention on Climate Change
VA Digi	National government aid digitalization program

## E.5 IMPLEMENTATION OF 2017 DAC PEER REVIEW RECOMMENDATIONS

Recommendation	Implemented (fully/partially/not)	Action taken (If no action, explain why)	Impact (actual / expected)	RESPONSIBLE UNIT AT MFA FINLAND
<p>1. Apply the 2017 guidelines for civil society ensuring that partnerships are leveraged to enhance and complement country strategies, that civil society in developing countries is strengthened and local co-operation funds are made more predictable</p>	Partially	<p>Support to civil society is an instrument that has an outreach beyond the 12 Finnish country strategies, currently covering 77 countries in Africa, Asia and Latin America.</p> <p>In countries where Finland has a country strategy, the applicants for government grants are requested to inform about the complementarity to the country strategy.</p> <p>The strengthening of the civil society is one of key criteria in open calls for applications of CSOs. During the implementation grant recipients are required to monitor and report on civic space and analyze their impact on strengthening the civil society.</p> <p>Fund for Local Cooperation is a financing instrument for Embassies to support the local civil society organisations. The financing instrument is used strategically to enhance local organisations with focus on their operational space and the advancement of rights based approaches. Activities also support country strategies in case the embassy works in a major partner country. Open calls are aimed to be held with regular cycles in order to increase predictability for funding.</p>	<p>By not limiting the geographic sphere, Finland is able to support the civil society in more than just partnership countries. The outreach has remained at appr. 80 countries for long. Finnish CSOs with their partners focus their work often in marginal groups and areas, which strongly contributes to the leave no one behind principle.</p> <p>With focus on the strengthening of the civil society and civic space Finland contributes the global challenges that in the recent years has seen a rising autocracy and shrinking civic space, especially in contexts where the civic rights are not fully fulfilled.</p>	<p><b>Unit for Civil Societ (KEO-30)</b></p>
<p>2. Develop an overarching strategic approach for engaging with multilateral partners as a basis for strategic dialogue.</p>	Partially	<p>Since 2021 Mid-Term Review, the MFA has further developed strategic approaches and practices for engaging with multilateral partners. Organisation specific plans continue to be updated annually, and they focus on key</p>	<p>The Finnish Government, appointed in June 2023, states in its Programme that Finland's UN strategy will be updated as part of the Government Report</p>	<p><b>Director General of the Department for Development Policy (KEO-01)</b></p>

	<p>influencing goals. Thematic influencing strategies are taken into consideration in organisation specific plans.</p> <p>Finland carried out annual consultations with those UN agencies, which it supports with significant core funding.</p> <p>For the first time in 2022, core funding proposals were discussed also in the Quality Assurance Group, especially from the risk management point of view. Risk management has been one of the key influencing themes. Finland has made special investments in the agencies' risk management capacities and strengthened also agencies' ethics functions.</p> <p>In terms of influencing and advocacy, gender equality and digitalization/technology/innovation have been important themes, for example through Generation Equality campaign.</p> <p>Finland has also embarked on LDC Future Forum initiative with the aim to support the implementation of SDGs and Doha Programme of Action in LDC countries.</p> <p>Coordination between the MFA's relevant departments and embassies is regular with weekly (working level), approx. monthly (management level) and annual (ambassadorial level) meetings. Thematic coordination meetings (e.g. gender equality, education, climate and environment) are organised regularly as well.</p> <p>The Department for Development Policy's organisational structure has been reformed for enhanced effectiveness and more strategic division of labour in UN and climate affairs.</p>	<p>on Finnish Foreign and Security Policy. The previous strategy is from 2013.</p> <p>The MFA's multilateral influencing was evaluated in 2020, with very positive results and recommendations for further practice. Implementation of the recommendations is under way and will be reviewed in spring 2024.</p> <p>In multilateral fora, Finland has had an impact particularly in well-chosen, often long-term priorities, such as gender equality or rights of persons with disabilities, or for example in EU context, education (Evaluation of the Finnish Development Policy Influencing in the European Union, 2022).</p> <p>Finland has given more emphasis to risk management in multilateral partners. In 2022, Finland carried out risk reviews of Finland's key UN development partner agencies. In 2023 this review process was extended to humanitarian organisations.</p> <p>The Government has submitted two comprehensive Development Policy Results</p>	
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			<p>Report to the Finnish Parliament, in 2018 and in 2022. Both reports include results on influencing multilateral partners.</p> <p>In 2017, the National Audit Office of Finland conducted an audit on the coordination and management of multilateral development cooperation. The follow-up report (2020) stated that the Ministry for Foreign Affairs has succeeded in developing policy influencing plans and its case management system after the audit.</p>	
<p><b>3.</b> Clarify Finland's approach to partnering and working with the private sector and ensure that this is aligned with development priorities. Build the capacity of MFA to co-ordinate and manage private sector instruments, including in field offices</p>	Fully	<p>In the years following the latest OECD DAC Review the Ministry for Foreign Affairs (MFA) has put a significant emphasis on strengthening the development impact of its' cooperation with the private sector. This includes strengthening ex-ante quality requirements, monitoring and evaluation within all instruments. Policy documents and steering by the MFA has also had a strong focus in this direction. The reformed Country Strategies (see recommendation 10) include a comprehensive approach, strengthening also complementarity and synergies between country strategies and private sector partnerships at the country level. This has been aided by the national DFI Finnfund establishing its' first office outside Finland in Nairobi in 2022 and other instruments establishing a local presence in also Vietnam, Indonesia and the Philippines.</p>	<p>Finnfund's Ownership Steering Memoranda amended. Finnfund policies or statements on tax responsibility, gender equality, human rights, environmental sustainability and climate &amp; energy. Theories of change have been developed for Finnfund's key sectors. The guidance documents of the other financing instruments have been strengthened.</p>	<p><b>Unit for Development Finance and Private Sector Cooperation (KEO-50)</b></p>
<p><b>4.</b> Enhance the use of results information for multiple purposes (accountability,</p>	Partially	<p>Since 2017, the MFA has continued to develop and update its system for managing for results, including aspects of direction and learning. A cycle (based on the parliamentary election cycle</p>	<p>The measures taken since 2017 have strengthened the results culture both at the MFA and across its partners and</p>	<p><b>Unit for Development Policy (KEO-10)</b></p>

<p>communication, direction, learning) at multiple levels (corporate, sectoral, project), and align the information to the SDG priorities and results frameworks of partner countries</p>		<p>as well as annual cycle) for strategic development policy management on the basis of results information has been developed and institutionalised. In addition to the corporate level, the management and learning cycle for all development cooperation modalities and partnership frameworks (country programmes, multilateral influencing, civil society, higher education institution or private sector partnership) has been introduced. However, the systematic implementation of various steps included in the cycle across all cooperation modalities has varied, e.g. synthesis reports have not been prepared each year by all funding modalities and by all thematic areas as focus has been placed on most significant and/or timely ones.</p> <p>Annual “Results Day” has been introduced and is now organized every year. In this event colleagues from different departments gather together to discuss and learn from results obtained during the past year. The discussions are based on synthesis reports and analysis made by colleagues as well as on information from independent evaluations.</p> <p>The MFA has continued to base its cooperation on the effectiveness principles including those of ownership and inclusive partnerships. The effectiveness principles are included in the set of 10 quality criteria that are examined before funding decisions are made. The quality criteria was introduced during development policy execution reform (KETTU) in 2021.</p> <p>RBM training has been institutionalized as a core element in the development policy training course. The Results Based Management guideline document dating from 2015 was updated in 2023 to 1) clarify Finland’s approach in relation to</p>	<p>stakeholders. The journey from introducing certain actions such as offering RBM training, preparation of synthesis reports and organization of events such as Results Day has continued and these have now become institutionalized.</p> <p>The adoption of country strategies and programmes for the programming period 2021-2024 has strengthened policy coherence and supported adaptive management.</p> <p>The Results Report for Finland's Development Policy that has been submitted twice to the Parliament offers an opportunity to draw results and learning over longer periods of time in a more systematic way. Results data collection has been developed towards a more user-friendly way.</p>	
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		<p>adaptive management in fragile and complex contexts, 2) outline the Theory of Change (ToC) approach, 3) highlight the importance the OECD/DAC Guiding Principles for Management for Sustainable Development Results (especially SDG alignment), and 4) describe the linkage between risk management, Human Rights Based Approach and RBM.</p> <p>The MFA has developed thematic Theories of Change for each priority area that link expected output-outcome and impact results to the SDGs at target level. To support the accountability of Finland's development policy as a whole vis-a-vis the expected results, a pool of voluntary aggregate indicators have been established. The indicators are aligned with the SDG indicators whenever possible. To highlight the principle of Leave-No-one-Behind, Finland expects disaggregation of results information on the basis of sex, age and disability whenever possible. The indicator pool was developed in close consultation with Finnish stakeholders and the MFA desk officers for various partnerships, including multilateral organisations and the EU and it was updated in late 2023 after a round of consultations and based on feedback received.</p> <p>The results data has been collected on the basis of the aggregate indicators from all modalities via a reformed IT-based platform (AHA-kyt) from 2019 onwards. The platform is currently being updated into a new version (UAHA) and it allows for setting the annual target, the result and its disaggregation, calculation of its effectiveness (result vis-a-vis target) as well as analysis. It also allows for synthesising the information from external evaluations on the project/topic in question. The use of AI to support the analysis of</p>		
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		<p>results data and information is currently being considered.</p> <p>A significant step forward in terms of accountability and communication was taken in 2018 when the first Results Report for Finland's Development Policy was submitted to the Parliament and it was discussed at the plenary of the Parliament. The second report was submitted in November 2022. The preparation of the latter benefitted from the feedback received during the first round. These reports include aggregated results information and case stories from all modalities and partnerships as well as information on effectiveness, strengths, weaknesses and learning for each priority area and each cooperation modality. They include a presentation on how Finland's development policy contributes to the Agenda 2030.</p>		
<p>5. Apply the good practice of mainstreaming gender to improve how environment and climate change adaptation and mitigation are taken into account throughout Finland's development co-operation.</p>	<p>Partially</p>	<p>When the DAC peer review recommendations were published, the climate-related cross-cutting objective was climate sustainability, in accordance to the 2012 development policy. However, there was a clear need to clarify the definition of this objective. Therefore, in 2019 the objective was changed to two objectives – climate resilience (adaptation) and low emission development (mitigation), in line with the goals of the Paris Agreement.</p> <p>In 2022, after the Parliament approved the Report on Development Policy across Parliamentary Terms, protection of the environment with an emphasis on safeguarding biodiversity was added as the fifth cross-cutting objective of Finland's development policy and cooperation.</p> <p>The new cross-cutting objectives will be included in the instrument-specific guidelines when these</p>	<p>The <a href="#">Guideline for the Cross-Cutting Objectives in Finland's Development Policy and Cooperation</a> guides the implementation of the cross-cutting objectives.</p> <p>New programmes and projects will be formulated in accordance to the updated guideline. Thus, the impacts of mainstreaming can be expected to become visible once new programmes and projects have kicked-off and start generating results.</p>	<p><b>Unit for Sectoral Policy (KEO-20)</b></p>

		become subject to updates. This is an ongoing process.		
<b>6.</b> Finland should reverse the decline of ODA – including to least-developed countries – and approve a roadmap with annual targets to achieve its commitment to provide 0.7% of GNI as ODA and 0.2% of GNI to least-developed countries.	Partially	Since 2017, Finland’s total ODA disbursements and proportion of GNI increased significantly until 2022 (2023 data yet to be finalized). Disbursements grew from 834 million Euros to 1534 million Euros while the GNI % increased from 0,36 % to 0,58 % respectively. The share of LDC was over 0,15 % in 2020 and 2021. The latest government decision will lower the ODA volume and share of GNI, which will also have an impact in the share of GNI.	Finland did increase significantly its ODA and the share of 0,7. However, due to the austerity measures the ODA disbursements will also face some reductions.	<b>Unit for Administrative and Legal Development Cooperation Matters (KEO-80)</b>
<b>7.</b> Take steps to attract and retain people with sufficient development policy and programming expertise within MFA and in embassies. Finland should also invest in greater career planning and learning opportunities for all staff.	Partially	Human resources in development policy are considered as part of the MFA’s overall human resources planning. The total amount of human resources is not expected to increase.  The MFA has continued work to improve the career prospects of experts. The development policy and development cooperation staff training has been reformed. A comprehensive development cooperation staff capacity development plan was approved in 2020 and it was implemented in 2021-2023. It aims at strengthening the development policy expertise of all staff in different career paths. A new development staff capacity development plan will be finalized during 2024.	The MFA continuously works to improve the career prospects of experts. A comprehensive development cooperation staff capacity development plan was approved in 2020 and implemented in 2021-2023. A new plan will be finalized during 2024.	<b>Unit for Administrative and Legal Development Cooperation Matters (HAL-11)</b>
<b>8.</b> Ensure that Finland keeps its focus on poverty and untied aid as it increasingly makes investments linked to Finnish businesses.	Partially	In the guidance documents for its private sector instruments the Ministry for Foreign Affairs (MFA) has put a strong emphasis on supporting poor countries and generating development impact.  For the national DFI Finnfund the ownership steering memoranda for 2017-2023 required >75 % of new investments to be in LMIC or poorer countries and reporting on LDC investments. The	The strong emphasis on development impact has succeeded in changing the portfolio of company projects supported by the MFA in such a way that they are directed towards poorer countries and generate more development impact than before. That impact	<b>Unit for Development Finance and Private Sector Cooperation (KEO-50)</b>

		<p>memoranda also otherwise put a strong emphasis on development impact. All Finnfund funding is untied. The MFA supports the business related risks associated with the guidance towards poorer countries and more impact through a special risk guarantee mechanism that assumes 40-60 % of the risk associated with investments in such projects.</p> <p>For the grant based business partnership programme Finnpartnership, supporting early stages of business development, the MFA also put a strong emphasis on funding to LMIC and poorer countries, especially in Africa. The instrument is tied. Finnpartnership reports annually on the development impact of the company projects that the programme funds with the report covering the projects funded 4 years ago.</p> <p>For the Public Sector Investment Facility (PIF) mixed credits, supporting developing country governments with Finnish solutions, the MFA in its guidance note puts a strong emphasis on quality, sustainability and development impact as a requirements for financing. A comprehensive process has been put in place to make sure that the criteria outlined in the guidance note are adhered to in the funding decisions. A sub-set of mixed credit projects are evaluated by external experts annually from a development impact point of view.</p>	<p>is also better measured than before.</p> <p>Finnfund in it's latest Annual Report (2022) reported that 92 % of its' investments that year had been directed to LMIC or poorer countries and 43 % to LDC countries. These are exceptionally high figures in an international comparison. The report also reported on indicators such as jobs created, net CO2 emissions and small and medium sized companies supported.</p> <p>Finnpartnership's latest Annual Report (2022) reported that 73 % of the funding directed to companies that year had been to LMIC or poorer countries and 43 % to LDC countries. There was also comprehensive reporting on e.g. jobs created, investments mobilized, training provided, infrastructure constructed and benefits for the environment.</p> <p>For PIF there is no comprehensive portfolio data yet as only two projects have been funded so far (meteorology in Ethiopia and maternal health in Kenya).</p>	
9. Review and set out guidance by competent ministries on how to apply	Partially	MFA was heavily involved in the government grant development and digitalisation project managed by the Ministry of Finance focusing on	The new government grant system has been partially used in new grant processes. The	<b>Unit for Administrative and Legal</b>

<p>the Discretionary Government Transfer Act and other legal frameworks, with a view to fostering innovative partnerships, including in complex fragile environments.</p>		<p>digitalising and streamlining the government grant process and legal framework within all government grant authorities.</p> <p>MFA has also initiated a legal development project focusing on the private sector instruments and the implementation of development cooperation.</p>	<p>objective is to use the new system as much as possible in the near future. The MFA legal projects are set to be completed in 2025. The aim of these reforms are to manage government grants in a more systematic and flexible way to foster innovative partnerships and new ways of development cooperation implementation.</p>	<p><b>Development Cooperation Matters (KEO-80)</b></p>
<p><b>10.</b> Develop a comprehensive overview of Finnish activities in long-term partner countries.</p>	<p>Partially</p>	<p>Country strategies were drafted to all long-term partners and approved by the management of the regional department in 2020. The Country Strategy is a document that presents Finland's main strategic goals in the partner country. The strategy enhances the coherence of different policy sector country level actions, development cooperation, foreign and security policy, trade relations and how they are linked to Finland's strategic goals in the country.</p>	<p>The country strategy has enhanced the coherence of different policy areas at country level and the preparation process enhanced information sharing. However as there is no reporting mechanism build into the country strategies, there is no mechanism for systemic information sharing or planning of various funding sources to the country from different departments in real time. Different departments continue to plan, approve and manage grants and other forms of financial support to the partner countries and the regional departments do not necessarily have an influence on that. Information is available retrospectively in OpenAid.fi.</p>	<p><b>Deputy Director of Department for Africa and the Middle East (ALI-02), Deputy Director of the Department for Americas and Asia (ASA-02)</b></p>
<p><b>11.</b> Ensure that risk management actions are built into programme design and implemented, and that risks are regularly monitored.</p>	<p>Fully</p>	<p>MFA's ODA risk management policy 2021 instructs for systematic assessment of corruption risk in all stages of project management. MFA's case management system includes specific functions for risk assessment and risk management plans, which is compulsory task for</p>	<p>Risk management and a risk based approach to ODA supports the implementation of development policy objectives despite of uncertainties of country context and politics.</p>	<p><b>Unit for Administrative and Legal Development Cooperation Matters (KEO-80)</b></p>

		<p>quality management of all new financing decisions. Norm 5/2023 Reporting, investigating and communicating suspected misconduct in development cooperation provides the general framework for MFA's whistle-blowing mechanism. MFA updated ODA whistleblower system in 2023 to enable more detailed reporting and follow up of open cases of suspected misuse or wrongdoing. Specific instruction on monitoring and supervision of ODA were issued in November 2023 to support the implementation of the ODA risk management policy.</p>	<p>Risk management is fully integrated into planning, design and monitoring of ODA projects and programs. MFA adheres to the recommendations for risk management by the Ministry of Finance based on ISO31000 standard and the recommendations and best practices provided by OECD DAC.</p>	
<p>12. Finland should expand the use of existing knowledge platforms and develop a system that can easily connect officials, partners and other stakeholders with relevant information and evidence to improve decision making.</p>	Fully	<p>As stated by Finland in 2021 Mid-Term Review, the MFA has implemented a major reform of development cooperation practices since 2017 to further develop the strategic management, operational processes and staff resources. Several elements of the reform address the issues identified in recommendation 12.</p> <p>1. The multiannual budget planning process (TTS) has been further developed to strengthen the use of results information and other evidence at corporate level strategic decision-making. All of the key changes presented in mid-term review have continued :</p> <p>a. Increased focus on results based on Theories of Change for the main results of Finland's development policy alongside the traditional resource allocation planning;</p> <p>b. Reserving time and space for results-analysis and conclusions in the process before resource allocation planning e.g. by organizing annually a "Results Day" and strategy discussion with the Minister</p> <p>c. Stronger horizontal cooperation led by thematic ambassadors</p>	<p>The major reform of development cooperation practices, with its various elements listed here on the left, have increased the strategic management and knowledge-based planning and decision making.</p> <p>Good knowledge management practices provides an updates analysis of the key findings and good practices from the previous reporting year.</p> <p>An easy access to OpenAid.fi portal and development policy evaluation reports are concrete examples of those measures, which have enhanced good governance and made Finland's development policy significantly more transparent. This has resulted in a better and more straightforward ability to interact with stakeholders too.</p>	<p><b>Director General of the Department for Development Policy (KEO-01)</b></p>

	<p>2. Since 2017, the MFA case management system AHA-KYT has been developed to become more user-friendly. New functions have been included in AHA-KYT for recording of results information and evaluation results. The Development Policy Department took an active role in developing digitalisation and mainstreaming of the processes of all government grants. The new system was introduced in 2023.</p> <p>3. MFA launched OpenAid.fi data portal in 2021. Through this interactive platform users can access detailed project level development cooperation data efficiently and easily.</p> <p>4. A new online repository was introduced in the Government intranet Kampus in 2021, making available all development policy and cooperation guidelines and instructions for MFA staff. The repository is kept up-to-date.</p> <p>5. MFA piloted (2018-2020) a new financial tool to source commissioned studies from Finnish researchers. Based on good experiences, financing has been continued. During 2021-23 eight studies were commissioned and during 2023-25 period financing exists for 13 new studies.</p> <p>6. The development policy and development cooperation staff training has been reformed. Basic-level training is now compulsory to all staff in charge of development cooperation. The reform was based on an independent evaluation in 2018. Virtual training has been strengthened. A comprehensive staff capacity development plan was approved in 2020 and was implemented from 2021 until 2023. A new plan will be drafted based on a self-assessment and after the relevant MFA reform processes have been finalised.</p>	<p>Assumed impact / AI will support the work of the MFA staff when large materials can be processed more efficiently and easily.</p>	
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## E.6 IMPLEMENTATION OF OF DAC RECOMMENDATIONS

### E.6.1 RECOMMENDATION OF THE COUNCIL FOR DEVELOPMENT CO-OPERATION ACTORS ON MANAGING THE RISK OF CORRUPTION

The following annex is to be completed by the team of the DAC member undergoing peer review. It is intended to monitor the implementation of the 2016 Recommendation of the Council for Development Co-operation Actors on Managing the Risk of Corruption. Respondents are requested to address each of the ten provisions of the Recommendation, underlining the progress made in each and, where possible, the impact that the measures taken have had -or are anticipated to have- on fighting corruption. Finally, it would be extremely useful if respondents could signal any elements that they feel is currently missing from the scope of the Recommendation, or what additional guidance would be useful.

Provision of the Recommendation	Progress made	Actual or expected impact
1. Code of conduct	<p><a href="#">The Guidance Note</a> provides practical information and guidance on the prevention and elimination of sexual exploitation, abuse, and harassment (SEAH) in development cooperation and humanitarian assistance. The Code of Conduct outlines key terminology and principles, Finland's international commitments, MFA's expectations for partners, risk factors for sexual exploitation, abuse, and harassment (SEAH), and notifying suspicions.</p> <p><a href="#">Terms and conditions for government grants 22.1.2023</a> (currently only available in Finnish) include terms and conditions related to code of conduct.</p> <p>The previous version of <a href="#">the code of conduct</a> was issued on 26.5.2020 and is available in English</p> <p>The Finnish Ministry of Finance, The Public Governance Department, is responsible for instructions and regulation on civil service ethics and code of conduct for central government.</p> <p>The Ministry of Finance has prepared <a href="#">instructions for government agencies for civil service ethics</a> and a <a href="#">plan of action for promoting a high standard of ethics among public officials</a>.</p>	MFA staff and grant recipients know and comply with the ethical requirements and best practices.
2: Ethics or anti-corruption	The Unit for Administrative and Legal Matters was established in 2014. The unit's mandate includes legal services, IT systems, anti-corruption assistance, and	MFA's staff are aware of anti-corruption responsibilities and

assistance or advisory services	advisory services for MFA units. The unit provides training, guidelines, and case-by-case support for the units as deemed necessary. An advisor and the legal team provide these functions for MFA units and Embassies.	risks in the ODA. Agreements and contracts include specific clauses on anti-corruption and ethics. Advisory services and IT systems support preventing corruption and handling cases of suspected wrongdoing in ODA grants and contracts.
3: Training and awareness raising	Anti-corruption and risk management are included in the compulsory training of all MFA staff working for ODA, including the local staff. For example, the U4 Anti-corruption basics course is mandatory for the ODA training program. Anti-corruption and risk management workshops and online training are available for MFA staff to enhance skills and update knowledge on recent policies and best practices. Furthermore, some units have used MFA's framework agreement with KPMG Finland to receive customized financial and risk management training. MFA staff have access to U4's anti-corruption courses for development practitioners. MFA's risk management group acts as a technical coordination mechanism for implementing ODA risk management policy and disseminating best practices.	All MFA's international and local staff know the anti-corruption responsibilities of ODA and can carry out the respective duties effectively.
4: Auditing and internal investigation	MFA's internal audit unit inspects MFA's units and Embassies regularly. Guidelines for ODA monitoring and supervision issued in 2023 include specific instructions to MFA staff on audits and audit requirements of ODA projects and programs. ODA grant contract clauses include particular provisions on audit requirements and MFA's rights, e.g., for external audit of the recipients.	MFA's units and recipients are audited regularly and adhere to mandatory audit requirements. Grants and projects are audited according to the MFA's internal instructions and risk management plans.
5: Active and systematic assessment and management of corruption risks	ODA risk management policy 2021 instructs for systematic assessment of corruption risk in all stages of project management. MFA's case management system includes specific functions for risk assessment and risk management plans, which are compulsory for new financing decisions. MFA's updated whistleblower system enables detailed reporting and follow-up of reported cases of suspected misuse or wrongdoing.	Corruption risk assessments and mitigation of corruption risks are applied to all stages of the project cycle.

6: Measures to prevent and detect corruption enshrined in ODA contracts	All ODA grant decisions and contracts include specific clauses to prevent, detect, and report corruption.	All grant recipients are legally accountable for preventing corruption and reporting any wrongdoing.
7: Reporting/whistle-blowing mechanism	MFA's internal instructions and IT system for whistleblowing mechanisms for ODA were established in 2015 and revised in 2023. Norm 5/2023 Reporting, investigating, and communicating suspected misconduct in development cooperation provides the general framework for MFA's whistleblowing mechanism. Specific instructions on how to investigate a case (Appendix H Investigating suspected misconduct in development cooperation in the Ministry for Foreign Affairs) were issued in November 2023, and an updated case management system was launched on December 13, 2023.	Reporting of suspected misuse and wrongdoing is mandatory for all MFA staff and grant recipients. MFA's whistleblower system enables anonymous service and enables systematic follow-up of all reported cases.
8: Sanctioning regime	MFA adheres to UN and EU sanctioning regime and aims to include specific clauses on sanctions in all ODA decisions and agreements. MFA is also planning to use the Orbis sanction screening system. MFA contributes to integrating automatic sanction screening into the new grant management system provided by the State Treasury. An online training program for sanctions was published in 2023.	All MFA staff and ODA recipients know and comply with sanctioning regimes.
9: Joint responses to corruption	MFA adheres to the best practices on joint responses to corruption through advisory services provided by the Unit for Administrative and Legal Development Cooperation Matters and regular coordination with other international donor agencies.	Coordination of corruption responses enables effective investigation and mitigation of corruption in ODA.
10: Take into consideration the risks posed by the environment of operation	The mandatory risk assessment of all new financing decisions includes an assessment of contextual risk. MFA's Country Strategies also take note of country-specific risks.	Assessment of contextual risk is systematically considered during the planning of new projects and strategies.
Missing element(s) in the Recommendation		

## E.6.2 IMPLEMENTATION OF THE DAC RECOMMENDATION ON ENDING SEXUAL, EXPLOITATION, ABUSE AND HARASSMENT IN DEVELOPMENT CO-OPERATION AND HUMANITARIAN ASSISTANCE

The following annex is to be completed by the team of the DAC member undergoing peer review. It is intended to monitor the implementation of the **2019 Recommendation on Ending Sexual Exploitation, Abuse and Harassment in Development Co-operation and Humanitarian Assistance**. Respondents are requested to address each of the six provisions of the Recommendation, underlining the progress made in each and, where possible, the impact that the measures taken have had - or are anticipated to have - on ending **Sexual Exploitation, Abuse and Harassment (SEAH)**. Finally, it would be extremely helpful if respondents could signal any element(s) that they feel is currently missing from the scope of the Recommendation, or what additional guidance would be useful.

Pillar of the Recommendation	Progress made	Actual or anticipated impact
1. Develop policies and professional conduct standards and seek to foster organisational change and leadership on SEAH in the provision of international aid	<p><a href="#">A guidance note and a policy on the prevention and elimination of sexual exploitation, abuse and sexual harassment in development cooperation and humanitarian assistance</a> have been developed. Both documents lay out e.g. key definitions and principles and how to notify a case. The guidance note is for the use of the staff at the Ministry for Foreign Affairs of Finland and its missions and also includes guidance for applying prevention and elimination of SEAH throughout the project cycle. The policy states the expectations of the Ministry for Foreign Affairs towards its partners in the prevention and elimination of SEAH. Both documents have been internally distributed, published in the MFA's website and shared with Finnish civil society partners. The two documents have been presented and discussed with civil society partners. Finland is using the harmonized SEAH language that was agreed between a group of donors and UN agencies. SEAH theme is more clearly integrated in the updated the Norm for Misuse of Funds. SEAH risk management has been enhanced e.g. through developing a checklist for SEAH risk management. The recent evaluation on Human Rights-Based Approach in Finland's Development Policy and Cooperation stated that successful achievements can be seen in the integration of attention to specific risks, such as sexual abuse, violence and harassment, into plans and procedures.</p>	More systematic and coordinated approach to prevention and elimination of SEAH in development cooperation and humanitarian assistance
2. Develop or support survivor- and victim-centred responses and support mechanisms	While some progress has been made, mostly internally (SH among the staff), further work is needed.	Strengthened implementation of victim-survivor centered approach

3. Establish organisational reporting and response systems and procedures for the prevention of SEAH	There are established complaint mechanism, both for internal cases as well as in relation to implementing partners.	Effective and well-functioning complaint mechanisms are in place
4. Conduct training, raise awareness and communicate on SEAH prevention	A session on prevention, response and elimination of SEAH is a part of the compulsory basic training on development policy and cooperation for the Ministry staff working in development cooperation and humanitarian assistance. The training is organized 2-3 times a year. There is a session on the SEAH risk management as a part of the risk management training of the above mentioned training. The policy and the guidance note on prevention and elimination on SEAH in development cooperation and humanitarian assistance have been internally distributed and published in the Ministry's website.	Increased awareness, knowledge and skills of staff in the Ministry and embassies on the prevention, response and elimination of SEAH
5. Ensure international coordination for SEAH prevention and response	In addition to this DAC recommendation Finland is also committed to the the 2018 London Safeguarding Summit Commitments as well as Call to Action on Protection from Gender-Based Violence in Emergencies. Finland actively participates in the DAC reference group as well as on the donor technical working group on SEAH (related to the 2018 London Safeguarding Summit Commitments.). Finland has had conversations with some other donor countries for mutual learning purposes. Finland also follows up the SEAH work in the boards of multilateral organizations it supports.	Improved effectiveness of SEAH prevention and response
6. Develop mechanism for monitoring, evaluation, and reporting on SEAH prevention and response	Effortst have been undertaken to improve data through assessments and evaluations of agencies and partners' initiatives	Improved monitoring, evaluation and reporting on SEAH prevention and response
Comments on missing element(s) in the Recommendation		

### E.6.3 IMPLEMENTATION OF RECOMMENDATION OF THE COUNCIL ON POLICY COHERENCE FOR SUSTAINABLE DEVELOPMENT

**Additional information to the Finland’s response to the Questionnaire to Adherents for assessing the implementation, dissemination and continued relevance of the OECD Recommendation on Policy Coherence for Sustainable Development, submitted in 2023**

**Q1.** The Report on Development Policy Extending Across Parliamentary Terms from 2021 states: “Many different policy sectors play a key role in achieving sustainable development. These include security, trade, agricultural, health, environmental, climate and migration policies. Policy coherence and silo-free activities in development policy and cooperation, and between policy sectors, are vital for promoting sustainable development. Coherence of actions helps to maintain policy alignment in the advancement of Finland’s goals. This also helps to ensure that policy sectors do not steer efforts in opposite directions. Finland must also promote a coherent approach in the EU and the international community. Good coordination helps partners to act more efficiently, save resources and attain better results and improved effectiveness.” A new Government Report on Finland’s international economic relations and development cooperation is currently being prepared.

URLs for supporting evidence:

- [Report on Development Policy Extending Across Parliamentary Terms \(2021\): https://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/163218/VN\\_2021\\_29.pdf?sequence=1&isAllowed=y](https://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/163218/VN_2021_29.pdf?sequence=1&isAllowed=y)

**Q6.** According to the Voluntary National Review 2020 – Report on the Implementation of the 2030 Agenda for Sustainable Development, in case of Finland, the main obstacle in managing transboundary synergies and trade-offs is that comprehensive assessment of spillovers is challenging due to lack of adequate data. These challenges are described with further detail in Q13.

**Q9. Examples: Exchanges:**

[The Development Policy Committee](#) is a multi-stakeholder body that convenes civil society, private sector, academia and government that organises regular events and discussions and produces reports that often touch upon transboundary impacts on developing countries.

**Q13.** As indicated in Q6, according to the Finland’s Voluntary National Review 2020, comprehensive assessment of transboundary spillovers is not possible due to lack of adequate data. In general, the assessment of spillovers is most advanced in the field of international trade. The SDG Index Report 2019 has analysed spillovers caused by international trade to environment, security, economy, finance and governance. In this analysis, Finland scores 67,1, which is an average result for a high-income country.

Finland’s national sustainability monitoring system includes an indicator basket that focuses on global responsibility and policy coherence. This basket includes indicators such as ODA, Finnish contribution in international crisis management, Finland’s performance in Commitment to Development Index, and export and import of raw materials. Other indicator baskets include additional indicators that relate to global responsibility, such as carbon footprint of private consumption and number of quota refugees. A challenge of most of these indicators is that there are no politically agreed target levels. More and better indicators for annual monitoring of Finland’s spillovers would be needed.

According to an expert report on the definition and indicators of global governance (ordered by the Prime Minister’s Office in 2021) some renewing of Finnish current national monitoring system for sustainable development would be helpful in order to clarify transboundary spillover effects. The most immediate need would be to integrate indicators describing global responsibility and coherence into the existing monitoring system, so that the spillover effects of these national indicators would be more clearly highlighted. In the future, it is recommended to abandon the current basket-structure and create a monitoring system and indicators based on the following dimensions: 1) human dimension, 2) environment, 3) economy and good governance 4) peace and security.

## E.6.4 IMPLEMENTATION OF DAC RECOMMENDATION ON ENABLING CIVIL SOCIETY IN DEVELOPMENT CO-OPERATION AND HUMANITARIAN ASSISTANCE

### Annex DAC Peer Review – DAC Recommendation on Enabling Civil Society in Development Co-operation and Humanitarian Assistance (26 Jan. 2022)

<b>Part A: General question</b>	
<p>What has changed or will be changed since the Recommendation came into force? This question could address steps taken or planned in relation to dissemination, implementation or monitoring of the Recommendation.</p> <p>MFA welcomed the Recommendation, also the process leading to it. The recommendation and toolkits, that have been since published, are excellent guidance when developing either internal guidance or stakeholder approaches. Since the Recommendation MFA has proceeded looking into to its practices, first through analysis of the implementation of MFA’s Guidelines for Civil Society in Development Policy 2017, which was an updated version of the original one published in 2010. The report “Finland’s action to strengthen civil societies and advance their enabling environment” was published in November 2022 and its conclusions and detailed recommendations have been since advanced both internally and in cooperation with the CSOs. In many ways the DAC’s recommendation is implemented, although in some areas there remains obstacles. The dissemination, implementation and monitoring of the Recommendation is tied to other processes and annual cycle of MFA, especially with regard to the development policy and co-operation.</p>	
<b>Part B: Progress and/or challenges with implementation</b>	
<b>Recommendation Pillar</b>	<b>Progress and Plans</b>
<b>Pillar ONE: Respecting, Protecting and Promoting Civic Space (10 provisions)</b>	
<p><b>1.1</b> What are you doing or planning in order to implement the Pillar One provisions? Please specify to which provisions these actions apply.</p>	<p>With regard to provision 1. (<i>Develop clear policy positions on the value of an inclusive and independent civil society and on the importance of respecting, protecting, and promoting civic space in line with rights to the freedoms of peaceful assembly, association, and expression.</i>), the back bone for Finland’s actions is laid out in the Government Programme (2023). The Ministry for Foreign Affairs in its policy work takes into account the strong wording of the Programme, in which the long-standing principles of democracy, civil society, fundamental and human rights and the rule of law guide the government in all its activities. These principles are seen as prerequisites for sustainable development co-operation. Finland considers the role of the civil society essential in terms of democracy, rule of law and human rights and this is a clear focus in the Government Programme. In addition to being an intrinsic value, Civil society organisations play an important role in order to achieve the objectives of the development policy. During the current government, there is a shift from bilateral co-operation in favor of development cooperation implemented by Finnish civil society organisations and their partners.</p> <p>Government Report on Finnish Foreign and Security Policy (2020) clearly states the threats to the civic space, namely authoritarian states that are using coercive measures to narrow the freedom of action of the civil</p>

	<p>society and media. It also highlights that Finland's policies are based on equality in the implementation of civil and political rights, as well as in the implementation of economic, social and educational rights. Also, it is stated in the report that civil society must be given more opportunities to operate within the UN. These being part of Finland's foreign policy and diplomacy both bilaterally and in the multilateral arena, the actions by Finland also advance the provision 2. (<i>Seek to engage in dialogue with partner country or territory governments and raise public awareness on the value of an inclusive and independent civil society and civil society participation and on respecting, protecting, and promoting civic space.</i>) In many ways, for example, in the funding for the CSOs, (Finnish, local and INGOs) this is already well established, but more can be done. Finland actively promotes the participation of CSOs in the dialogues especially in the Finnish partner countries. On provision 3. Finland is an active member of the Team Europe Democracy initiative (TED) and co-chairs together with Belgium the working group on political and civic participation of the TED network. The working group seeks to contribute to the improvement of tools, methodologies and approaches related to democracy support globally and in partner countries. Strengthening civic space is one of the thematic priorities of the working group. On provision 6. With Finland's support Rule of Law Centre (Finland) and International IDEA have worked together in Albania to improve transparency through promoting and supporting regulation on political financing to enable civil society's watchdog role.</p>
<p><b>1.2</b> What constraints are you facing to implement the Pillar One provisions? Please specify to which provisions these constraints apply.</p>	<p>MFA has restricted human resources to allocate in development co-operation so there needs to be clear prioritization and planning. MFA will focus on the identified core issues and make sure that those are implemented properly before shifting to the next targets. Implementation of the pillars will heavily rely on MFA's partners, especially CSOs so time is taken to co-create and coordinate with them and other close stakeholders.</p>
<p><b>Pillar TWO: Supporting and Engaging with Civil Society (10 provisions)</b></p>	
<p><b>2.1</b> What are you doing or planning in order to implement the Pillar Two provisions? Please specify to which provisions these actions apply.</p>	<p>With regard to provision 1. (<i>Establish, in consultation with civil society, policies or strategies for working with civil society in both partner countries or territories and provider countries that: a. articulate objectives for working with a diverse range of civil society actors both as independent development and humanitarian actors in their own right and as implementing partners; b. aim to strengthen local ownership and an inclusive and independent civil society in partner countries or territories; c. take into account contextual risks or opportunities for civil society and civic spaces; and d. integrate these policy or strategy positions into wider development co-operation, humanitarian assistance and peacebuilding policies or strategies.</i>) Ministry for Foreign Affairs commissioned a review on the implementation of its Guidelines for Civil Society in Development Policy. The original policy dates back to 2010 and it was revised in 2017. The Unit for Civil Society aimed with the recent review to get recommendations for the work for strengthening the civic space as well as working with civil society organizations. The review "Finland's action to strengthen civil societies and advance their enabling environment" with concrete recommendations was published late 2022.</p>

The results of the review confirm that “the strengthening of civil societies is perceived as very important across Finnish development policy sectors, and its emphasis has increased”. But it also brings out what should be done in order make that priority more visible. The recommendations have been discussed both internally and with stakeholders. It was prioritized that there is a need to find ways to support civil society especially in authoritarian contexts and to make sure there is role and status of civil society in the analysis of all country strategies. Also it was perceived important to develop indicators for advocacy work and policy dialogue with regards to strengthening the civil societies i.e. make ourselves accountable in more visible ways. The indicators for advocacy work have been updated in consultation with civil society. The reporting guidelines for CSOs receiving programme funding are being reviewed to gather data on the diversity of the range of civil society actors supported, localisation and supporting the partners’ priorities.

With regard to the provision 3. (*Provide financial support to diverse civil society actors as independent development and humanitarian actors in their own right as well as to civil society actors as implementing partners, particularly those representing persons in the most vulnerable or marginalised positions, by, where appropriate and feasible, increasing the availability of flexible and predictable support, core support, and/or programme-based support.*) MFA aims to maintain the multiyear grant approach, in which organizations receive funding mainly in four-year periods. The calls are announced in a regular annual cycle in order to increase predictability of the Finnish funding. The flexibility has always been included but in the recent open calls for grants the flexibility has been increased and further ways are sought to ensure adaptive approaches in development co-operation. More than 80 % of the funding to CSOs is programme-based. MFA sees that in multiyear grants the flexibility ensures timely and well targeted actions especially if there are sudden changes in the operational context. The work of the Finnish CSOs and their partners is strongly focuses on work with persons in marginalized situations and Finnish funding targets CSOs led by women, youth, persons with disabilities, and ethnic minorities. In partnering with Finnish CSOs working all over the world, Finland is able to reach community-based organisations and other micro-sized organizations that have no or very little prior experience with external funding or international co-operation and that work on grassroot level.

For long, local ownership has been key principle of the Finnish development policy and co-operation especially with regard to CSO funding. During the current funding period, Finnish CSOs with their partners are exploring new ways to ensure localization or locally led development. In the calls for applications one key criteria for receiving funding is that the project is based on the objectives of the local partner and it supports the partner’s strategy, advocacy and mutual learning. Reporting guidelines are currently being updated to include analysis on localization. Applicants are also expected to explain how the power of decision-making, planning, implementation and learning is distributed between Finnish and partner country CSOs.

	<p>Through funding to Finnish foundations, MFA funding is also directed to national umbrella organizations, which then redistribute funding and support to local grassroots action. The partnerships of the Finnish CSOs also include the action and representation of partners themselves in global fora and at the international and regional levels, for example in summits or their side-events. However, this is an area of work that still needs strengthening in order to ensure equal power relations.</p> <p>With regard to provision 9. MFA drafted its Guidance Note on the HDP Nexus in 2022 to support the MFA and its stakeholders in adopting the approach. The drafting included broad consultations with civil society organizations in Finland. The dialogue has continued sporadically thereafter. And in order to ensure that Finnish CSOs have possibility to operate with their partners in countries that remain challenging with regard to rules and procedures for money transfers because of compliance with anti-money laundering and counter-terrorism financing, MFA has worked together with Finland's Ministry of the Interior to have joint analysis and understanding of the risks and thus be able to address the possible obstacles for development and humanitarian co-operation.</p> <p>Further on provision 9 MFA has developed a policy on the prevention and elimination of sexual exploitation, abuse and harassment (SEAH) in development cooperation and humanitarian assistance. The policy, which was adopted in 2023, states what the Ministry for Foreign Affairs of Finland expects from the partners, who receive financing from the Ministry and who work in development cooperation and humanitarian assistance, with regard to the prevention of and response to sexual exploitation, abuse and harassment. The policy has been published in the Ministry's website and shared with the Finnish NGO partners. Two meetings have been organized to with the CSOs to discuss more in detail the policy. The intention is to organize similar meetings in the future to continue the conversations on the topic with CSOs, as needed. Prevention and elimination of SEAH is included in the instructions for annual reporting for the Finnish CSOs receiving programme support from the MFA.</p>
<p><b>2.2</b> What constraints are you facing to implement the Pillar Two provisions? Please specify to which provisions these constraints apply.</p>	<p>Specifically the provision 4. Subsection a. remains a challenge when looking into options of direct funding to the local actors. Finnish funding for CSOs has started at the very early years of international co-operation and structures for providing funding have been established over several decades. So in order to increase direct funding there will remain structural constraints for long. MFA will explore the options and look for solutions together with implementing partners.</p>
<p><b><u>Pillar THREE: Incentivising CSO Effectiveness, Transparency and Accountability</u></b> (8 provisions)</p>	
<p><b>3.1</b> What are you doing or planning in order to implement the Pillar Three provisions? Please specify to which provisions these actions apply.</p>	<p>On the pillar III, Finland promotes actively all 8 provisions and provides funding in order for CSOs to be able develop their own and their partners' internal account mechanisms and management to meet the standards and requirements regarding human rights as wells discrimination and abuse free working environments. In particular the provisions 4 and 5 have already been in the core for the Finnish policies and funding criteria. The policies and guidelines of Finnish funding include requirements in order to ensure equitable partnerships between Finnish CSOs (and other Finnish development co-operation implementers) and their partners and to</p>

	<p>participatory and rights-based approaches for local ownership and accountability in all project and program phases. Finnish CSOs that receive funding for their partnership schemes are required to take into account the partners' strategies as well ownership of the joint co-operation and targets. Many partnerships have a specific goal of building resilience for example they aim for more solid and independent funding base. Also CSO leadership is well recognized and in funding for CSO partnerships the applicants are invited to present innovative and scalable solutions for local and/or global challenges. The funding for CSOs includes possibility for partners to pilot and innovate and also share their experiences with other stakeholders and larger public. It is also encouraged that the project and program plans include a solid approach to collaborate and co-ordinate with other relevant actors especially the duty bearers that often include partner country or territory governments and local authorities. And lastly on provision 8, 8. Require, as appropriate, CSO partners to respect relevant international standards and adhere to relevant legal and regulatory requirements in the partner countries or territories they work in, where such requirements respect human rights and open civic space.</p>
<p><b>3.2</b> What constraints are you facing to implement the Pillar Three provisions? Please specify to which provisions these constraints apply.</p>	<p>N/A</p>
<p><b>Part C: Lessons and guidance</b></p>	
<p>What, if any, areas of your enabling civil society work do you deem as offering lesson learning opportunities for other DAC members (e.g. particularly good practice)?</p>	
<p>What, if any, areas of the Recommendation do you deem as needing additional toolkits or guidance to support implementation?</p>	

### **E.6.5 OECD DAC DECLARATION ON A NEW APPROACH TO ALIGN DEVELOPMENT CO-OPERATION WITH THE GOALS OF THE PARIS AGREEMENT ON CLIMATE CHANGE**

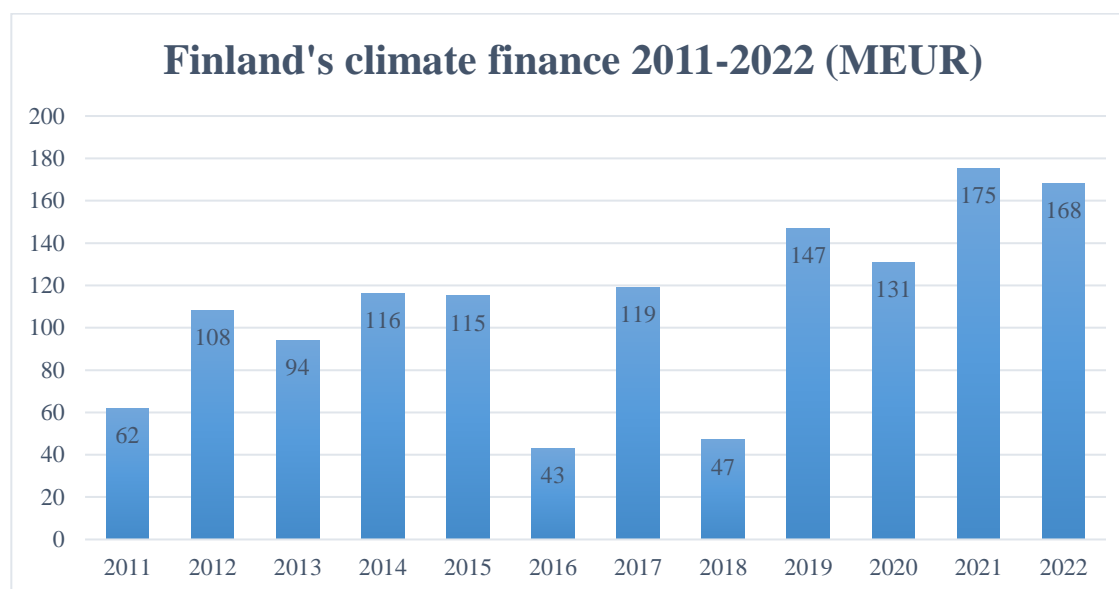
#### **OECD DAC Declaration on a new approach to align development co-operation with the goals of the Paris Agreement on Climate Change**

*There is no specific template for the DAC Declaration on a new approach to align development co-operation with the goals of the Paris Agreement on Climate Change. For this we ask that members structure the response around the main commitments in the [Declaration](#).*

Finland's development policy is based on international human rights norms and standards and the UN's 2030 Agenda on Sustainable Development. The [Guideline for the Cross-Cutting Objectives in the Finnish Development Policy and Cooperation](#), last updated in May 2023, takes into account that the right to a clean, healthy and sustainable environment is recognized as a human right by the United Nations General Assembly and that the United Nations Framework Convention on Climate Change, the Paris Agreement, the Convention on Biological Diversity and the Kunming-Montreal Global Biodiversity Framework as well as other multilateral environmental agreements are binding on Finland and instrumental in achieving the

Sustainable Development Goals. Climate resilience, low emission development and protection of the environment with an emphasis on safeguarding biodiversity are cross-cutting objectives of Finland's development policy and cooperation, in addition to gender equality and non-discrimination with an emphasis on disability inclusion.

Finland has recently clearly increased climate finance and nearly doubled it during the past government term. In 2022, Finnish climate finance for developing countries reached 168 MEUR out of which 153 MEUR was ODA and 15 MEUR other official flows (OOF). In 2022, the Ministry for Foreign Affairs published an [Action Plan for Finland's Public International Climate Finance](#).



Finland channels part of its climate finance through multilateral climate funds. Finland supports UNFCCC's financial mechanism's operating entities Global Environment Facility (GEF) and Green Climate Fund (GCF).

The Global Environment Facility (GEF) is dedicated to funding projects that counter biodiversity loss, climate change, pollution, and strains on land and ocean health. Finland supported GEF during its seventh cycle (2018-2022) with EUR 26.9 million and [8th replenishment period with EUR 48 million](#). As a council member of the GEF, Finland also contributed to the approval of the new Global Biodiversity Framework Fund, which is tended to mobilize and disburse new and additional resources from all sources, especially via MDB's and give a special attention to SIDS and LDCs in the final eligibility and resource allocation considerations.

As the world's largest climate fund, the Green Climate Fund (GCF) is in a key position to both realize the objectives of the Paris agreement and to support developing countries in adaptation, transformative climate action and low emission development. GCF puts focus on country ownership through supporting the development and implementation of countries NDCs and NAPs, as well as through funding capacity building and readiness for national plans and strategies for increasing climate resilience. For GCF's second replenishment (2023-2027), [Finland continues to support the fund with EUR 60 million](#).

Finland is also a founding member of the Nordic Development Fund (NDF). The NDF is a Nordic climate fund that promotes climate change mitigation and adaptation to climate change especially in the least developed countries and countries in fragile situations. The focus of the NDF's activities lies on Africa. In

2021–2025, the Fund will allocate at least 60 per cent of its financing to Sub-Saharan Africa. At least half of the funding in 2021–2025 will be targeted at projects promoting adaptation to climate change. In 2020, Finland, Iceland, Norway, Sweden and Denmark decided to strengthen the Nordic Development Fund (NDF) with additional capital of EUR 350 million [Finland's share of this capital increase is EUR 58,1 million](#).

Finland funded the Least Developed Countries Fund (LDCF), which is managed by the GEF and focuses on addressing the needs of least developed countries whose economic and geophysical characteristics make them especially vulnerable to the impact of global warming and climate change, with EUR 2 million both in 2021 and in 2022.

ODA flows represent only a small fraction of the total financing needed to achieve the SDGs. However, the annual financing needs for the SDGs are only a fraction of the size of annual financial market transactions. Therefore, mobilizing private finance for sustainable development goals is critical to bridge the gap and direct more financial flows to emerging markets. To mobilize more finance for climate, Finland has provided blended finance investments to trust funds focused on climate finance. These climate funds operate under MDBs and invest in climate change mitigation and adaptation projects and leverage other financing for the projects.

As an example of these funds, Finland invested EUR 39,7 million in the [European Bank for Reconstruction and Development \(EBRD\) High Impact Partnership for Climate Action -fund](#) in December 2021. In 2022, Finland invested EUR 50 million in [the Finland-Latin America and the Caribbean Blended Finance Climate Fund](#) jointly with IDB Invest, that is a member of the Inter-American Development Bank Group. Both funds invest in climate mitigation and adaptation projects in developing markets. Mobilizing other financing for climate and de-risking investments are important goals, along with considering gender effects of the projects.

In the beginning of December 2023, Finland announced that it will invest EUR 20 million in [the ADB Ventures Investment Fund 1a](#). ADB Ventures invests in start-ups and high-growth companies engaged in developing digital solutions that contribute to the clean energy transition, the adaptation to extreme weather events and the promotion of gender equality. In addition to its own funds, ADB Ventures aims to mobilize USD 200 million in private capital.

At COP28, Finland, together with partners, launched [Africa Rural Climate Adaptation Finance Mechanism \(ARCAFIM\)](#). The mechanism was designed by the International Fund for Agricultural Development (IFAD), and Finland will be one of its investors. The ARCAFIM's goal is to mobilize investments for agricultural initiatives in East Africa to improve productivity and to strengthen food security and livelihoods. The mechanism is expected to improve the living conditions of 1,5 million people. Particular attention will be paid to women and young people. Half of the funding for ARCAFIM's loan programme, amounting to USD 90 million, comes from a private partner, Equity Bank. The investment made by Finland amounts to EUR 32 million.

Finland's development finance institution Finnfund continued its strong focus on climate with approximately 50% of its new investment decisions being towards climate action. Finnfund launched its [sustainability bond framework](#) in 2022 and has successfully raised 175 million euros private capital into its investments by issuing a [sustainability-linked bond](#) in 2022 and [a green bond in 2024](#). For decades,

Finnfund has spearheaded forestry investments amongst development finance institutions and was one of the anchor investors in [African Forestry Impact Platform \(AFIP\)](#) in 2022. More about Finnfund's climate work can be read from their [Annual report](#).

Finland has been an active member in the Champions Group on Adaptation Finance. The group strives to increase the quantity, quality and access of adaptation finance. In 2022, Finland hosted the [Lahti Adaptation Finance Ministerial](#). As a co-chair of the [Coalition of Finance Ministers for Climate Action](#) until April 2023, Finland brought finance ministers to the discussions with the intention to seek more cooperation and synergy between the Coalition of Finance Ministers and the Champions Group. Finance ministries are key players to ensure effective adaptation and resource mobilization. At COP26, Finland endorsed the [Principles for Locally Led Adaptation](#).

At COP28, Finland [pledged](#) 3 MEUR to the new Climate Loss and Damage Fund.

Early warnings and early action are relevant approaches for averting, minimizing and addressing loss and damage. Finland is a leader in meteorological cooperation and offers world-class weather observation equipment, software and systems as well as technical assistance and training, all of which contributes to the goal of [UN Secretary General's Early Warnings for All initiative](#). In June 2022, Finland hosted the first Steering Committee meeting of the [Systematic Observations Financing Facility](#) (SOFF), which aims at improving weather and climate observation in least developed countries and small island developing states, and has since financed it with 3 MEUR. Furthermore, Finland finances [Climate Risk Early Warning Systems](#) (CREWS). At present, Finnish-funded bilateral projects to enhance climate, weather and early warning systems are implemented in eleven countries (Kenya, Rwanda, Tanzania, Ethiopia, Nepal, Vietnam, Indonesia, Uzbekistan, Tajikistan, Kyrgyzstan and Ukraine). Finland's water sector development cooperation, especially in Ethiopia, Kenya and Nepal, is putting heavy focus on Water Safety Plans to increase climate resilience. Finland is a core funder to the ODA eligible activities of the UNDRR with a yearly 1 MEUR in 2022-2025.

Finland is a founding member of [Risk-informed Early Action Partnership](#) (REAP) and continues to be its governance board member. At COP28, Finland endorsed the [Charter of Finance for Managing Risks: Getting ahead of Disasters](#) as well as the [Declaration on Climate, Relief, Recovery and Peace](#).

Finland has taken an active role in the [Water and Climate Leaders Panel](#), with the aim of an integrated global Water and Climate Agenda in support of sustainable development and national mitigation and adaptation actions. Transboundary Water Cooperation and Water Diplomacy are an important part of Finnish Foreign Policy, and key priorities of the [Centre for Peace Mediation](#), established under the Ministry for Foreign Affairs in 2020. Finland also supports the implementation of the UNECE Water Convention Programme of work for 2022-2024 with a yearly 200 000 EUR.

Finland reports on its climate finance to the UNFCCC, OECD and the EU. In December 2022, the [Finland's Eight National Communication](#) as well as [Finland's Fifth Biennial Report](#) were submitted to the Secretariat of the UNFCCC. Both include information on Finland's public international climate finance. In regard to transparency and accountability, it is worth mentioning that while Finland uses the so called Rio markers to track adaptation and mitigation related finance, as well as biodiversity and desertification related finance, it does not use fixed coefficients for principal and significant objectives but rather assigns the percentages based on the actual budgets and results frameworks of projects. In order to avoid double-counting, Finland ensures that the total sum of all Rio markers does not exceed 100 per cent. Finland's public international climate finance 2016-2022 was [evaluated](#) in 2023.

Currently, a report on Finland's international economic relations and development cooperation is being prepared, in accordance to the [Prime Minister Petteri Orpo's Government Program](#) (June 2023). This report will define Finland's future priorities in development cooperation.

## **E.6.6 IMPLEMENTATION OF THE RECOMMENDATION OF THE COUNCIL ON ENVIRONMENTAL ASSESSMENT OF DEVELOPMENT ASSISTANCE PROJECTS AND PROGRAMMES**

### **Recommendation of the Council on Environmental Assessment of Development Assistance Projects and Programmes**

*There is no specific template for the 2020 Recommendation of the Council on Environmental Assessment of Development Assistance Projects and Programmes. For this we ask that members structure the response around the key provisions of the [Recommendation](#) (namely assessment).*

The [Guideline for Cross-Cutting Objectives in the Finnish Development Policy and Cooperation](#) contains the minimum standard “*The impacts of the intervention on the environment (including biodiversity) and climate are screened, and if necessary assessed. Any adverse impacts should be avoided or minimized and managed. If the adverse impacts cannot be avoided or minimized and managed, the intervention should not be funded*”.

Finland’s development finance is mainly channelled through multilateral organizations and funds that have their environmental and social safeguards. As a member of steering committees and voting groups of these organizations and funds, Finland advocates for and oversees that the safeguards are up-to-date and applied.

The private sector cooperation instruments, such as [Public Sector Investment Facility](#) (PIF) and [Finnpartnership](#), require projects to carry out an environmental and social impact assessment (ESIA), which is equivalent to the performance standards required by the International Finance Corporation (IFC) or the World Bank.

Instructions for other financial instruments (such as NGO cooperation) do not have references to a specific performance standards or tools to be used. It is the project proponent's responsibility to demonstrate that the minimum criteria has been applied in the project formulation. The EIA related tools included in the [guidelines of the EU](#) have been commonly used in the formulation of bilateral projects, especially when the projects are co-financed by the EU.