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Preface

Since the previous DAC peer review, a number of developments have taken place in Finland’s development policy and cooperation.

First of all, a new overall policy document Government Report to Parliament on Finland’s Development Policy 2016 has been adopted by the government, with an extensive discussion in the parliament. This document defines development policy as an integral part of Finland’s foreign and security policy. It positions Finland’s development policy vis-à-vis the 2030 Agenda for sustainable development. The policy document further defines Finland’s overall goals, the underlying principles and values, priority areas of action and the principles of working with international actors, partner countries, private sector and civil society.

In the budget for 2016, the appropriations for development cooperation were subject to EUR 200 million cuts annually beginning in 2016 as a part of the general government adjustment measures. In addition to this, EUR 130 million of grant aid was converted into loans and capital investment to be channelled to the developing countries through enterprises committed to corporate social responsibility. In the general government fiscal plan for 2017–2020 (5 April 2016), a new EUR 25 million saving was directed at development cooperation expenditure from 2018. The number of staff working with development policy and cooperation in the Ministry for Foreign Affairs and the embassies was subsequently cut by 34; a reduction of approximately 14%.

At the same time, efforts have been made to develop results based management in Finland’s development policy and cooperation, eg. by developing country strategies and policy and advocacy plans for multilateral organisations, as well as laying the ground for results reporting on the overall government policy in 2018. Major steps have also been taken in developing the human rights based approach which now needs to be integrated into all new projects and programmes.

Finland has been active and held major roles in many international discussions, particularly in regard to financing for development and the humanitarian agenda.
1. Towards a comprehensive development effort

1.1 Global development issues

Finnish Government is committed to the implementation of the 2030 Agenda for sustainable development. Government’s National Implementation Plan for the 2030 Agenda is currently under preparation at the Prime minister’s office and will be finalized shortly. The Plan will outline a long-term framework on how Finland, in various policy sectors and in international cooperation, will carry out the principles, goals and targets of the 2030 Agenda, and how the progress in the implementation will be monitored, reviewed and reported. It also identifies Finland’s strengths and challenges, defines focus areas for urgent implementation and offers solutions and tools to improve the performance. The key measures to put the 2030 Agenda into practice are the integrated policies and measures taken in various government sectors as part of the implementation of national and EU legislation, national sectorial or thematic strategies and action plans, as well as international agreements and commitment.

To guide the preparation of the National Implementation Plan, an external gap analysis was conducted in spring 2016 to look into Finland’s readiness to implement the global 2030 Agenda. The gap analysis confirmed the findings of various international comparisons indicating that Finland’s particular strengths lie in good education and competence (Goal 4 in particular) and societal stability (Goal 16 in particular). On the other hand, combating climate change and the use of natural resources (Goal 13 in particular), as well as economic development and employment trends (Goal 8 in particular), were identified as Finland’s current weaknesses. Compared to many other countries, Finland is performing well also in these theme areas, but development has been unsatisfactory in recent years.

In 2013, the National Commission on Sustainable Development introduced Society’s Commitment to Sustainable Development, “The Finland We Want by 2050”. With the Commitment, the public sector, together with other actors, pledges to promote sustainable development in all its work and operations. “The Finland We Want by 2050” also serves as basis for the above mentioned Government’s National Implementation Plan for the 2030 Agenda.

Finland ratified the Paris climate change agreement in November 2016 and is integrating the goals and objectives of the Paris Agreement into its development policy and other policies. Finland continues to support partner countries in their mitigation, adaptation and disaster risk management efforts through providing finance and capacity building using instruments both under the climate treaties and outside of them. Nationally determined contributions of the partner countries are integrated into the planning and implementation of Finland’s development policy, in which also the horizontal themes of the Paris Agreement like gender, human rights and rights of the indigenous people are taken into account.

Finland was a strong supporter of the first World Humanitarian Summit in May 2016, and contributed to the preparation of the Summit by organizing the European Regional WHS consultation. At the Summit, Finland together with Australia and Thailand, organized a Special Session and launched a Charter on Inclusion of Persons with Disabilities into Humanitarian Action in collaboration with a coalition of different organizations. Finland aligned itself with the Agenda for Humanity and the five core commitments, presented in the UN Secretary-General report on WHS, including 1) Global Leaderships to Prevent and End Conflicts, 2) Uphold the Norms that
Safeguard Humanity, 3) Leaving no one behind, 4) From Delivering Aid to Ending Needs, and 5) Humanitarian Financing: Investing in Humanity. Furthermore, Finland made additional national commitments under each of these headings.

The current government’s policy paper guiding development policy and cooperation, Government Report to Parliament on Finland’s Development Policy 2016 (GRP2016) outlines that Finland’s development policy and development cooperation are guided by the 2030 Agenda. The core goal of Finland’s development policy is to eradicate extreme poverty and to reduce poverty and inequality. In addition, the realization of human rights is a key goal. Finland’s development policy also takes account of climate change.

1.2 Policy coherence for development: Domestic policies support or do not harm developing countries

1.2.1 Political commitment and policy statements

The Strategic Programme for the Government (May 2015) indicates that “Finland will bear global responsibility and strengthen its security by promoting – in cooperation with international partners – sustainable development, peacebuilding and the status of women and girls in accordance with UN Security Council Resolution 1325. In all cooperation, the government will emphasise human rights, democracy and good governance. In its international activities, the government will pay special attention to the prevention of serious threats to humankind, such as climate change, poverty and shortage of food, water and energy.”

Government Report to Parliament on Finland’s Development Policy 2016 (GRP2016) furthermore expresses that “decisions in individual sectors are made along the same lines and coherently, with awareness of their consequences for developing countries. In this way, activities in one policy area can underpin results obtained in another one.” In addition, GRP2016 defines that “Finland will align its policies with the 2030 Agenda” and “eradication of poverty everywhere has been listed as the first goal.”

Finland has made progress in implementing PCD by piloting priority topics. This has been chosen a way forward to tackle the multifaceted PCD themes. Finland was the first country to apply the OECD tool for policy coherence for development when piloting the tool in the area of food security in 2012-13. In addition, aid for trade, migration, tax and development, and peace and development have been in focus since 2012.

The upcoming Government’s National Implementation Plan for the 2030 Agenda will outline Finland’s national commitment to implement the 2030 Agenda.

1.2.2 Policy coordination mechanisms

Finland has thorough coordination mechanisms, thus, there is awareness and capacity to analyse PCD issues.
The National Commission on Sustainable Development brings together political leaders and bodies of the highest level, as well as civil society actors and the business sector. The Commission has almost always been chaired by the Prime Minister. On 1 January 2016, the coordinating secretariat of the Commission was transferred from the Ministry of the Environment to the Prime Minister's Office; the aim was to highlight policy coherence and the equitable and integrative implementation of the various dimensions of sustainable development in Finland during the 2030 Agenda era. The 2030 Agenda itself provides a new opportunity to address PCD issues in the domestic policy making within the national 2030 Agenda coordination.

Finland has a strong and multi-layered coordination mechanism of the EU affairs. A PCD guideline has been produced and shared with all sub-committees of the EU coordination system.

In 2012-2015 the government high level network for PCD met semiannually to strengthen coherence and to exploit the EU coordination more effectively. The network was led by the Under Secretary for International Development. Currently, the future of this network is under consideration in the 2030 Agenda context and the networks that exist for 2030 Agenda coordination in Finland.

The current Development Policy Committee has its mandate for years 2016-2019. Members of the Development Policy Committee include representatives of parliamentary parties, ministries, advocacy organisations, NGOs, research institutions and universities. The Committee, thus, promotes wider coherence of development policy in the parliamentary decision making. PCD features again strongly in the new agenda for the Committee, since one of the Committee's goals is dedicated to development policy and policy coherence pursued by the EU.

In trade, a cross departmental trade and development team within the MFA has been merged with a broader team covering also Finland's trade with developing countries (Team Finland¹). Membership now includes other ministries and institutions, such as Finpro².

Concerning climate change and biodiversity, Finland has interministerial working groups tackling those issues. Development cooperation is an integral part of the work of these groups.

1.2.3. Systems for analysis, monitoring and reporting

The Development Policy Committee, with a major mandate for PCD, analyses annually the state of Finland's development policy. In addition, government reports regularly to parliament on the implementation of Finland's development cooperation. The most recent report was made in 2014.

Finland has carried out analysis on PCD issues particularly in two of the pilot PCD topics, namely, food security and tax and development pilots (for more details, see chapter 1.2.4 below). These pilots also include country level aspects.

¹ The Team Finland network promotes Finland and boosts the success of Finnish companies abroad. The Team Finland network brings together all state-funded actors and the services they offer to promote the internationalisation of Finnish companies, to attract foreign investments to Finland, and to promote Finland’s country brand. (www.team.finland.fi)
² Finland’s trade and investment support institution. (www.finpro.fi)
1.2.4. Illustrations of policy coherence for development in specific areas

Finland has implemented policy coherence in priority issues through e.g. the following actions:

- Ministries, research institutions and NGOs cooperated in a dynamic manner in the food security pilot (2012-13). It produced an analysis of the links of agriculture, fisheries, environment, trade and development policies on food security, and suggested a set of policy objectives and recommendations to increase coherence of these policies to enhance global food security. These recommendations are being followed up. Furthermore, Finland joined the OECD, ECPDM and Economic and Social Research Foundation to study food security in the field, in Tanzania, to develop a methodology for assessing the impact of OECD policies on food security at the country level.

- Finland had its second action plan for Aid for trade in 2012-15 and the programme was recently evaluated. The evaluation found out that Finland’s Aid for Trade projects in the past years have produced results and contributed to impact in specific sectors, in which Finland has competitive advantages and can bring added value. These sectors are water, energy, environment, ICT and innovation, forestry and fisheries.

- In August 2016, MFA launched its Action Programme for Tax and Development for 2016-2019. It includes four objectives that concentrate on 1) achieving and implementing international tax rules; 2) strengthening developing countries' taxation capacity and domestic resource mobilization; 3) increasing civil society's awareness and knowledge on the link between taxation and public services; and 4) ensuring that reliable research and analysis are available. The MFA cooperates in tax and development issues with Ministry of Finance, Finnish Tax Administration and both local and international organizations.

- Since fall 2015, the Task Force for Migration has been used as a forum to discuss and coordinate general migration related issues and policies between different ministries in Finland.

- In the area of peace and development, a number of coordinating mechanisms have been established to harmonize implementation of the National Action Plan on UN Security Council Resolution 1325. Finland has appointed a Focal Point for Women Peace and Security who chairs the Follow-Up Committee for the implementation of the NAP. The Follow-Up Committee serves as a wider forum, including civil society, for information sharing and discussions related to the implementation of the NAP and WPS. The Ministry of Interior and the Crisis Management Centre Finland have established an Advisory Group for the implementation of the NAP in line with objective 11 on monitoring and reporting which focuses specifically on implementing WPS in civilian crisis management. The government has recently started drafting the third National Action plan in close cooperation with CSO’s. On mediation, MFA has established multi-stakeholder coordination group which gathers various actors working in the field of mediation together to report on the activities and share information about developments in mediation.

1.3. Financing for development: The member engages in development finance in addition to ODA
GRP2016 acknowledges that, in order to achieve the SDGs, public national resources, domestic and foreign private funding, and development cooperation funds are all needed. It also recognizes that development cooperation funding can mobilize more private funding and that cooperation with the private sector deepens development impact. It further states that, in the implementation of Finnish development cooperation, the government relies broadly on the expertise available in the Finnish society. This includes not only the private sector but also expert institutions in different fields, higher education institutions, scientific and research communities, and local authorities.

Actors are encouraged to engage in international cooperation and to utilize various forms of support available for both joint projects and individual actors. Information-sharing about best practices is constantly being improved. Coordination events between various actors are organized periodically to share information and discuss opportunities with developing country partners. These include the Team Finland network, as well as discussion forums arranged to cater for different stakeholders.

Finland has various financial instruments to leverage private investments for developing countries. Finnfund is a Finnish development finance institution and development cooperation actor providing loans and capital for investments that support economic and social development in developing countries. Its financing operations must focus on poor developing countries. Finnfund is a state-owned company steered by the MFA, which sets goals for the operations’ development impact. Progress towards the goals is subject to annual reporting.

Concessional credits support the development of developing countries by strengthening their capacity with the help of Finnish technology and expertise. This support may be granted to low income and lower middle income countries. Concessional credits focus on environmental and infrastructure investments, especially climate and energy projects. The target country always has project ownership, and procurements are made in accordance with the target country’s legislation.

A new instrument, the Public Sector Investment Facility has been created to replace concessional credits. It will be used to support developing countries’ public sector investments. The investment support includes a loan to the developing country in question, guaranteed by Finnvera. A relatively small amount of Finnish financing will make it possible to mobilize more funding to achieve important development impacts. At the same time, the introduction of high-quality solutions and technology will be promoted.

The Finnpartnership program provides seed financing to joint development projects of Finnish and developing country actors. Pilot and demonstration projects are also supported. This program is particularly designed to encourage small and medium-sized companies to establish business partnerships in developing countries.

The Business with Impact (BEAM) Program is a joint program of the MFA and Tekes – the Finnish Funding Agency for Innovation. BEAM provides funding and support for creating innovative and sustainable solutions for developing country markets in cooperation with local actors. Half of the funding comes from commercial sources.

Finally, the government is currently in the process of exploring and identifying viable investment opportunities for a new non-grant development policy loans and investment modality. This is the first time that Finland has these type of funds available in development cooperation. The government has allocated 530 million euros for this returnable modality in 2016 – 2019, which means that it is a major new innovation in Finland’s ODA portfolio. This returnable capital can be
used either as loans or investments. The first investments were made in 2016. Negotiations with potential investees for the allocation of 2017 funds are currently ongoing.

In addition to ODA reporting, Finland reports Finnfund’s non-ODA activities, private NGO flows and non-bank securities as a part of its DAC reporting.

Key reference documents:

- Society’s Commitment to Sustainable Development, the Finland We Want By 2050:
  http://www.ym.fi/download/noname/%7BC16BA7A4-3556-4A8E-A2E5-6CE96997B15E%7D/106804
- Government Report to Parliament 2016:
- Strategic Programme of Prime Minister Juha Sipilä’s Government:
- Development Policy Committee: the State of Finland’s Development Policy in 2015:
- Finland’s Food Security Pilot:
- Evaluation of Aid for Trade programme:
- Tax and Development, Finland’s Action Programme 2016-2019:
2. **Policy vision and strategic orientations**

2.1. **Policies, strategies and commitments. Clear policy vision and solid strategies guide the programme**

The current Finnish Government began its work in May 2015. In its Strategic Programme, the government set improving effectiveness, productivity and measurability of development cooperation as one of its development policy priorities. Finland’s development policy has been further outlined in the GRP2016. MFA invested a lot of time in consulting with the civil society, business community and other stakeholders to make sure it reflects views of the wider society.

According to the GRP2016 Finland’s values and principles and its international commitments are taken into account in the planning and implementation of all actions, irrespective of what field, where and by whom development policy and development cooperation are being implemented. These values and principles include democracy and the rule of law; gender equality and human rights; freedom of speech; a sustainable market economy and sustainable use of natural resources; and the Nordic welfare state, including a high level of education. They provide long-term guidelines for Finland’s development policy and cooperation.

The core goal of Finland’s development policy is to eradicate extreme poverty and to reduce poverty and inequality. Finland’s development policy and development cooperation are guided by the United Nations’ 2030 Agenda for Sustainable Development. Four priority areas have been defined in the GRP2016, and their linkages to 2030 Agenda specified:

1. the rights and status of women and girls have strengthened,
2. developing countries’ own economies generated jobs, livelihood opportunities and well-being,
3. societies have become democratic and better-functioning,
4. food security and access to water and energy have improved, and natural resources are used sustainably.

In Finland’s development policy, the realization of human rights is a key objective. In the implementation of development cooperation, the HRBA refers to a consistent incorporation of human rights in development cooperation. HRBA and its implementation are further guided in Human Rights Based Approach in Finland’s Development Cooperation: Guidance Note (2015) and Implementation of Human Rights Based Approach in Finland’s Development Policy3 (2013).

The MFA has paid attention to the strengthening of RBM practices in its administration of development cooperation, particularly starting from 2012.

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2.2. **Decision-making: The rationale for allocating aid and other resources is clear and evidence-based**

The parliament, as part of the annual budget, decides on development cooperation appropriations. Development cooperation appropriations consist of the exclusive ODA budget, and other development cooperation funding which includes a new item in the 2016 budget, the loans and capital investment.

Under the exclusive ODA budget, the parliament decides on the allocation of the funds into the following nine budget allocation table lines:

1. Multilateral development cooperation
2. Country-specific and regional development cooperation
3. European Development Fund
4. Non-country specific development cooperation
5. Humanitarian assistance
6. Planning, support functions and communication of development cooperation
7. Evaluation and internal audit of development cooperation
8. Support to development cooperation conducted by civil society organisations
9. Concessional credits.

Under each line, there are some more specific directions for the use of funds.

The government will draw up a report to the parliament in 2018 on the realization of GRP2016 and on the results of development policy and cooperation.

Principles in bilateral cooperation are incorporated in GRP2016, and further elaborated in Country Strategies for Development Cooperation. GRP2016 includes clear geographic priority setting, sectoral priorities, general selection criteria for partner countries, and justifications for the selection of each partner country. Poverty, LDC status and fragility are incorporated in the selection criteria for partner countries. The overall sector focus by country is defined in the Development Policy, and further specified in country strategies.

Country strategies, their results reporting and management responses are elements of a results-based management system which provides the basis for evidence-based decisions and guides forward-looking bilateral strategy choices. Country strategies also justify and define the selection of particular instruments to achieve the set goals.

GRP2016 includes a clear chapter on Finland’s partnership with multilateral actors on development. The chapter defines the importance of multilateral actors for Finland, how financial support will be focused and how Finland’s collaboration with its most significant international partner organisations will be based on policy dialogue plans. The chapter also defines the most important partners for Finland with regard to the priority areas of Finland’s development policy.
In 2013, a strategic analysis\(^4\) was made which assessed the performance of Finland’s main multilateral partners. Two rounds of results-based policy and advocacy plans have since been prepared for those organisations using, among others, the information concerning organisation-specific strengths and weaknesses. Policy and advocacy plans cover some 20 intergovernmental multilateral partners that receive a substantial amount of funding from Finland.

The plans include objective setting with regard to priority areas of Finland’s development policy and, on the other hand, with regard to organisational performance and effectiveness of the partner organisation. An annual reporting and management system has been created. This process includes a management response from the top management of the responsible department and dialogue between management and the teams responsible for each partner, as well as a synthesis report of all reports provided to and discussed by the Development Policy Steering Group.

Finland continues as an active member of the MOPAN network and plans to rely more heavily on its assessments. In recent years there have been no bilateral assessments of multilateral aid agencies.

Results information about Finland’s partnership multilateral organisations are to be included in the 2018 report to the parliament in two ways. The collated results with regard to priority areas will include also results information from multilateral partners’ results reports. The report will include an assessment of the results of Finland’s policy and advocacy plans and the performance of the organisation in question (based on MOPAN assessments, and results and evaluation reports of the organization).

Multilateral core financing and bilateral aid including so called multi-bilateral financing, i.e. financing to multilateral agencies with a bilateral rationale, are allocated separately. Core and some thematic financing to these agencies is planned according to policy and advocacy plans. Bilateral financing is based on country programmes. During the past years, there has been significant increase in the share of bilateral funding provided to multilateral projects and trust funds.

Finland is an active member in governance structures, Executive Boards and similar where decisions regarding multilateral organisations are made. With the key UN partners, annual bilateral consultations have been introduced. In addition, Finland has regular bilateral meetings at different levels with representatives of UN funds and programmes.

In the multilateral development banks, Finland is a member of a particular country constituency in the Executive Boards. Finland actively participates in the governance structures of the multilateral development banks via these constituency offices and via other bilateral governance structures.

Finland participates actively in EU UN coordination including the CONUN. In addition, Finland is active in Nordic-Baltic UN cooperation and donor groups such as the Utstein and Senior-level Donors Meeting on Multilateral Reform groups, as well as other joint efforts organized to make the multilateral agencies more effective.

Finland’s climate related funding is channeled through the multilateral funds under the United Nations Framework Convention on Climate Change but also through other multilateral and bilateral channels. In addition, Finnfund (Finnish Fund for Industrial Cooperation) has a strong mandate to support climate relevant projects.

\(^4\) Available only in Finnish, “Suomen monenkeskisen yhteistyön strateginen analyysi”.

http://formin.finland.fi/public/default.aspx?contentId=293703&nodeId=49150&contentlan=1&culture=fi-FI
2.3. Policy focus: Fighting poverty, especially in LDCs and fragile states, is prioritized

According to GRP2016, the core goal of Finland’s development policy is to eradicate extreme poverty and to reduce poverty and inequality. GRP2016 states that during the current government term, the share of Finland’s funding for the least developed countries will remain above the international recommendation of 0.2 per cent of GNI. Finland’s ODA/GNI share to LDC’s was 0.24 % in 2014 and 0.22 % in 2015. That is approx. 40 % of Finland’s total ODA (incl. multilateral and regional aid). However, it is estimated that Finland’s ODA/GNI to LDCs is 0.14 % in 2016 and 0.15 % in 2017, due to overall cuts in aid budget.

Nearly all of Finland’s designated partner countries are least developed countries and many of them are also regarded as fragile states. In addition to prioritizing most vulnerable countries, Finland is prioritizing the needs of most vulnerable people; the rights of children and the other vulnerable groups, notably the disabled. Finland also focuses on reducing other types of inequalities, eg. country programmes usually focus to the poorest areas or poorest groups.

In March 2014, Finland launched a policy guide for strengthening the implementation of development cooperation in fragile states, "Finland’s Development Policy and Development Cooperation in Fragile States – Guidelines for Strengthening Implementation of Development Cooperation". This was an important milestone in order to sensitize staff on international recommendations for engagement in fragile states, including the New Deal. The guide includes the list of actions to be taken into consideration when operating in fragile states, outlining the practices and measures that should be employed to strengthen the planning, implementation and monitoring of Finland's development cooperation. These approaches relate to conflict analyses and conflict sensitivity; enhancing cooperation, coordination and effectiveness; strengthening local ownership; risk management; and funding and support channels. Moreover, the linkages between security, development and human rights are clearly acknowledged in Finland’s policies.

At the fragile country level, Finland promotes donor coordination and open discussion with the civil society and the private sector on the peace and statebuilding. The new guidelines are being closely followed in Finland’s work in Somalia, Afghanistan and Myanmar for example. Finland takes the principles of the New Deal into consideration and applies a conflict sensitive approach in programming. At country level, Finland has channeled support increasingly through the multilateral system and joint pooled funding, which improves complementarity of the international community in fragile states, increases opportunities for influencing and enhances coordination through steering boards. Finland also emphasizes working with and through the civil society in fragile contexts.

In the International Financial Institutions, Finland has supported channeling resources to fragile and conflict states, strengthening cooperation with g7+, making use of state and peacebuilding indicators, and strengthening their expertise and presence in fragile and conflict affected states.

At the global level Finland, as a Co-Chair in 2014 of the International Dialogue on Peace-building and State-building, advocated for the New Deal and its peace-building and state-building goals, especially in relation to the post-2015 process.
As far as cross cutting objectives are concerned, Finland has taken concrete and significant steps to strengthen the implementation of cross-cutting objectives. The approach has been three-fold and includes developing guidance, setting up processes and ensuring capacity building:

- The 2016 guidance note covers the implementation of the HRBA in the most central channels of development cooperation: bilateral, multilateral and civil society cooperation as well as private sector instruments. In addition, The manual for Bilateral Programmes (2016) provides detailed guidance on how the MFA guidelines on RBM and on HRBA to development applies during various phases of the project cycle. The Manual also contains several elements that are useful in the planning and implementation of other forms of cooperation including indicative check-lists of some cross-cutting objectives (climate). Guidance for Cross-cutting objectives will be updated in early 2017. Its purpose is to provide practical guidance on design, implementation and review of cross-cutting objectives and also to reflect the evolving best practices on climate sustainability, gender equality and non-discrimination. The guidance will be updated to link it better with the GRP2016 and also to make it more clear and realistic for practical use.

- Processes for policy coherence and reporting have been developed. Markers have been introduced on all development aid: development policy markers on HRBA, disability and gender equality, DAC markers on gender, and RioMarkers on environment, including climate change adaptation and mitigation. Finland is also involved in their further development in the OECD/DAC. Quality Assurance Group (QAG) assesses all funding proposals according to the markers, RBM and HRBA. QAG also reviews the level of inclusion of the cross-cutting objectives.

- Modules on cross-cutting objectives are built into the in-house training programme on development policy. The module is delivered by a team of advisers in order to foster cross-sectoral learning and it covers gender equality, non-discrimination and climate sustainability. In addition, policy advisers are available to provide guidance on implementation of the cross-cutting objectives, through newly updated and developed guidance tools.

**Key reference documents:**

3. Aid allocations

3.1. Overall ODA volume: The member makes every effort to meet ODA domestic and international targets

GRP2016 outlines that Finland’s “long-term goal is to raise the level of our development cooperation funds to 0.7 per cent of gross national income in accordance with UN goals” and that “…the share of our funding for the least developed countries will remain above the international recommendation of 0.2 per cent of GNI.” Finland does not have a clearly defined plan and timeline to meet its targets but GRP2016 defines that “Finland intends to increase its development cooperation funds as its own economy picks up.”

Finland’s development cooperation appropriations in 2016 amount to EUR 818 million, accounting for 0.38 per cent of Finland’s gross national income (GNI). It is estimated that Finland’s ODA/GNI to LDCs is 0.14 % in 2016 and 0.15 % in 2017.

<table>
<thead>
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<th>Year</th>
<th>Appropriations MEUR</th>
<th>Appropriations / GNI (%)</th>
<th>Disbursements, MEUR</th>
<th>Disbursements / GNI, (%)</th>
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<td>2013</td>
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<td>1161,1</td>
<td>0,55 %</td>
<td>210 926</td>
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</tbody>
</table>

Finland’s ODA volume in 2010-2015

Finland reports its ODA figures in line with the directives and meets the reporting deadlines consistently. Finland provides annually three- to five-year indicative forward expenditure figures to OECD/DAC when it answers the DAC Survey on Forward Spending Plans.

However, the 2016 second monitoring report of global GPEDC findings indicates that, at country level, accurate information on forward expenditure plans is either inconsistent or not made available to partner countries to the extent expected. Finland’s performance varies from one country to another. And for example, information provided by partner countries indicates that planning a year ahead is excellent whereas medium term (3 years planning) leaves room for improvement and our respective rating has decreased compared to 2010. This is due to the sudden and unexpected large cuts in funding made in 2015 but the situation is expected to normalize within the coming years. The information provided to OECD DAC is still considered good.

3.2. Bilateral ODA allocations: Aid is allocated according to the statement of intent and international commitments

In its government to government support, Finnish development cooperation focuses on long-term partnerships. Finland supports countries that are committed to achieving development goals and can benefit from Finnish know-how. Nearly all of Finland’s development cooperation partner countries are among LDCs in Africa and Asia. Many of them are also regarded as fragile states.

Finland’s cooperation countries in Africa include Ethiopia, Kenya, Mozambique, Somalia, Tanzania and Zambia. Finland also provides small-scale support to Eritrea.

In Asia, Finnish bilateral support focuses on the three poorest countries: Afghanistan, Myanmar/Burma and Nepal. With Vietnam, which has now achieved the status of a lower-middle income country, Finland is gradually shifting from grant based development cooperation to other forms of cooperation in areas such as trade, research and education.

Finland is increasing its support to the Middle East and North Africa where instability and large numbers of refugees pose challenges. Finland also supports the Palestinian Territory, Ukraine as well as the poorest Central Asian countries, Kyrgyzstan and Tajikistan.

Government discretionary grants for private sector entities and non governmental organisations’ country specific development cooperation are not restricted to the long term partner countries. However, they are encouraged to increase the share of funding to LDCs and fragile countries.

Map of Finland’s bilateral partner countries
Finland participates in donor coordination mechanisms in all its partner countries. In 11 countries, Finland actively contributes to joint programming.

Finland makes use of the joint EU analysis and contributes to the joint programming efforts of the European Union, and tries to synchronize to the maximum extent possible with the EU and partner country programming cycles. Finland also supports the division of labour between EU member states and other donors in the country.

Country Strategies guide Finland’s development cooperation work in its partner countries (that is government-to-government cooperation; the strategies do not apply to funding through e.g. private sector and CSOs, or humanitarian assistance although these are considered in the background analysis). Country strategy is a medium-term plan, which can be lightly updated on a yearly basis, and more thoroughly revised every four years. Country strategies provide the basis for project level planning, and a link between project level result chains and results of the country strategy.

The strategic direction of a country strategy is guided by both partner country’s national development framework, including e.g. poverty reduction strategies, sectoral policies and plans of the partner country, and Finland’s development policy. The human rights situation is assessed as background to the country strategy. The purpose of country-level programming is to position the development policy objectives and Finland’s support in the partner country development framework and the support given by other donors. More specifically, this implies selecting and focusing on specific development challenges, i.e. policy areas, sectors and themes of cooperation.
where Finland alone or with other strategic partners can make a difference in the country in question.

Finland aims to be active in a maximum of two or three sectors per partner country. The sectoral priorities are further streamlined by reducing the number of interventions and focusing on a few larger interventions.

### 3.3. Multilateral ODA channel: The member uses the multilateral aid channel effectively

Finland emphasizes the importance of core funding to the key UN agencies but, due to significant budget cuts to multilateral core funding (63% to UN from 2015 to 2016) and smaller cuts to
bilateral funding for many UN agencies, the funding balance has shifted more to ear-marked funding allocated according to priorities in country programmes. The fragmentation of global multilateral funding has been reduced as projects have come to an end, and the focus is increasingly on core contributions. Multi-year pledges of core contributions are possible but, due to significant budget cuts, they are currently not regarded as a preferred option.

A major part of Finland’s multilateral aid goes via the multilateral development banks, especially the African Development Bank/African Development Fund (ADF) and World Bank/International Development Association (IDA). The replenishment rounds of the financing windows of multilateral development banks for poor countries have always been an important aid modality for Finland. However, as part of recent budget cuts, 50–60% cuts were made in 2016 (compared to last replenishment rounds) to the recently concluded ADF14 and IDA18 replenishments.

<table>
<thead>
<tr>
<th>Multilateral core contributions 2015</th>
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<tbody>
<tr>
<td>Regional financial institutions</td>
<td>42,1</td>
</tr>
<tr>
<td>World Bank Group</td>
<td>117,3</td>
</tr>
<tr>
<td>NDF</td>
<td>3,5</td>
</tr>
<tr>
<td>GEF</td>
<td>16,8</td>
</tr>
<tr>
<td>UN</td>
<td>191,9</td>
</tr>
<tr>
<td>EU</td>
<td>154,3</td>
</tr>
<tr>
<td>Others</td>
<td>6,2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>532,0</strong></td>
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</tbody>
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<table>
<thead>
<tr>
<th>Finnish development cooperation breakdown 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
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<tr>
<td>America</td>
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<tr>
<td>Asia</td>
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<tr>
<td>Europe</td>
</tr>
<tr>
<td>Bilateral regional/unspecified programme</td>
</tr>
<tr>
<td>UN agencies</td>
</tr>
<tr>
<td>EU institutions</td>
</tr>
<tr>
<td>Other multilateral organisations</td>
</tr>
</tbody>
</table>
4. **Organisation fit for purpose**

4.1. **Institutional system: The institutional structure is conducive to consistent, quality development co-operation**

Development policy is an integral part of Finland's foreign and security policy. Finland does not have a separate aid agency, which means that largely the same personnel in MFA and embassies deal with development cooperation and with other foreign policy and trade-related issues. This clearly facilitates synergy and policy coherence across Finland’s foreign policy areas but the flip side is ensuring a sufficient level of professionalism in development policy and cooperation throughout the ministry and embassies.

The Department for Development Policy is responsible for Finland’s international development policy, development finance and humanitarian issues, as well as overall planning, supporting and monitoring of development cooperation. Additionally, it has operative responsibility for development cooperation with multilateral organisations, climate related funding and private sector instruments. Regional departments are responsible for government to government bilateral development cooperation in their respective geographic areas. Political Department is responsible for cooperation with some multilateral organisations, human rights funding and funding for humanitarian mine action. The Department for External Economic Relations manages the Aid for Trade portfolio. The Legal Service manages funds for victims of international crimes. The Under-Secretary of State for Development Cooperation and Development Policy is responsible for development cooperation and policy, and the Unit for Development Evaluation is directly under her. (see the organizational chart in Annex 2)

Development Policy Steering Group works to support the leadership of the Ministry in development policy related matters. It provides strategic recommendations related to development policy objectives, allocation of resources and the evaluation and utilization of results for better impact. It also has an advisory role on external communication of results of development cooperation. Minister for Foreign Trade and Development is the chairman of the Development Policy Steering Group. Other members of the group are Director General and Deputy Director General for Development Policy, the Directors General of the Department for Europe, Department for Russia, Eastern Europe and Central Asia, Department for the Americas and Asia, Department for Africa and the Middle East, Political Department, Department for External Economic Relations, Communications Department, as well as the Director of Development Evaluation Unit.

To ensure that policy priorities and commitments, including those made in Busan, are respected, the MFA has a number of guidance and practices, including the practice of reviewing all project proposals before they are granted funding in a multidisciplinary Quality Assurance Group (QAG). QAG’s objective is to ensure that the projects and programmes funded are compatible with existing development policies and that they meet the quality requirements of the MFA. QAG discusses project and programme proposals in relation to objectives related to eradication of poverty, human rights based approach, cross cutting issues, aid effectiveness (Paris, Accra, Busan) and results based management, among others.

QAG is chaired by the Deputy Director General for the Department for Development Policy, and includes representatives of the Department for Africa and the Middle East, Department for America and Asia, Department for Europe, Department for Russia, Eastern Europe and Central Asia, Political
Department, Department for External Economic Relations, Department for Development Policy, and Development Evaluation Unit. Thereby, it aims to ensure a uniform approach across the ministry, coordination and complementarity of projects and programmes. QAG makes recommendations on the proposals, which are transmitted to the decision maker.

Funding decisions above 500,000 euros are made by the Minister for Foreign Trade and Development, as well as all funding decisions for CSOs and institutional cooperation. The Director General of the Department of Development Policy makes funding decisions below 500,000 euros. In doing so, they have access to the informed opinion of QAG. However, urgent humanitarian funding decisions are made by the Director for Unit for Humanitarian Assistance.

The financial authority thus remains within the ministry, except for embassies managing local cooperation funds and a part of funds dedicated to programming, identification and planning of development cooperation.

While the main responsibility for country programming lies in the regional departments, embassies together with respective desk officers are responsible for compiling the context analysis for country strategies and following and reporting on the implementation annually.

MFA uses an integrated overall planning systems which incorporates development policy and cooperation with all other policy areas. Each country strategy also clarifies the linkages between development cooperation, political relations, trade and commercial relations. Other examples of integrated systems and management tools at the country level include the annual operating and financial plan, and the ambassador’s operational plan.

4.2. Adaptation to change: The system is able to reform and innovate to meet evolving needs

While recent budget cuts were made in the overall development cooperation funds, Finland’s support for private sector instruments increased both proportionally and absolutely, particularly with the new 130 million Euro annual loans and capital investment. This happened at a time when global attention to wider financing for development has gained increased importance. This increasing importance of private sector support for development is a major change process, the modalities of which the MFA still has to work on for the future years.

In Finland’s development cooperation, the amount of the appropriations allocated for a given year may differ from the funds actually used (i.e. the disbursements), because the appropriations are “deferrable appropriations”. This means that if for some reason not all the allocated appropriations can be used in the first year, they are still available in the subsequent two years. This leaves some room for flexibility. Additional flexibility is provided by the contract and budget authorities used in order to make multi-year commitments. At the same time, at least 20% of the annual budget is not allocated with the contract and budget authorities.

The overall planning mechanism in the ministry is a 5-year rolling plan, providing for a possibility for adjustments to be made annually.

Regarding permanent personnel, the MFA is characterized with “continuous change” as majority of the staff changes functions every 3-4 years. Each employee has an annual performance targets and
goes through performance reviews with their supervisors 1-2 times a year. Personal development at work forms part of these discussions, as well as analysis and response to knowledge gaps.

Regarding training, which is an important part of managing organisational change, see chapter 4.3. An effort is also made to encourage and support staff, including staff in the embassies, in participating in international fora where relevant issues are discussed, for instance, the GPEDC meetings and the annual Busan Partnership Forum.

### 4.3. Human resources: The member manages its human resources effectively to respond to field imperatives

A large part of the core functions related to development policy and co-operation is performed by the diplomatic career officials. In addition to them, the MFA employs sectoral advisers and other development co-operation or policy specialists and administrators according to the needs both in the Ministry and in the Embassies.

As part of the overall reduction in development cooperation funding, the number of staff was also recently cut. In total 34 posts related to the development cooperation were abolished without any layoffs. This was implemented mainly by re-arranging the pension schemes and not extending temporary employment contracts. In addition, MFAs communication department underwent a major organizational restructuring in 2014 with staff reductions affecting also the number of staff involved in development communications.

Embassies with co-operation programmes are staffed with both diplomatic staff and with Finnish specialists who have development co-operation and/or sector specific background. They are contracted on a fixed term basis as per the content of the programme and the requirements specified in the terms of reference. The maximum term of a special advisor at one embassy is five years. In addition, there are locally employed specialists in Embassies.

Occasionally, there has been a challenge of not being able to recruit special advisors with sufficient co-operation and development policy background. Their turnover is high because of fixed term contracts, and many have limited experience in MFA practices, since they come mostly from outside the ministry or rotate from one embassy to another. This hampers the continuity and institutional learning with regard to development policy and co-operation. Another challenge is the difficulties in attracting diplomatic career staff to development co-operation positions, and posts may occasionally remain vacant due to the lack of interest.

Training plans of each employee are included in the performance reviews (1-2 times a year). The planning of development policy and cooperation training programme for 2017 included a survey on learning needs of the Ministry and embassies, especially of the locally recruited staff.

From 2017, directors of each unit have to ensure that their staff (involved in development policy and cooperation) have sufficient skills in development policy and cooperation, the minimum being the equivalent of the contents of the 3+3 day development policy and cooperation basic course.

The basic course was revised in 2016. 104 MFA staff members took the basic course in 2016, while altogether about 700 person days were spent in internal training in development policy and
cooperation. Other internal training includes in depth courses in different development cooperation modalities and instruments, training in the administration of development cooperation, and thematic training. Staff members can also attend external training in Finland and abroad, and some web based training is also made use of.

The basic course will be organized also in English in 2017 so that also locally recruited staff from embassies can attend. Some trainings, e.g. the training of new bi-lateral manual will also be organized in a few embassies in 2017.

Every year, there are workshops attached to the annual development policy days where the staff from the Ministry and embassies learn and work together on important common objectives.

A network of trainers has been established in October 2016 to support trainers and develop more effective training. Participatory training is being further developed based on the experience and feedback from participants and from the training of trainers. There is also a goal to have more emphasis on community of practice and internet based learning in the 2017.
5. Delivery modalities and partnerships for quality aid

5.1. Budgeting and programming processes

As a member of the international donor community, Finland has committed itself to improving the quality of development cooperation together with its partner countries. Donor cooperation, strengthening partner countries’ local capabilities, the harmonisation of practices, openness and mutual accountability are some of the principles highlighted in the jointly-agreed rules.

The MFA’s mid-term operating and financial plan is formulated every autumn and it includes spending limits for funds and contract and budget authorities for the next year and following four years. The MFA's budget structure by budget line includes budget flows to: multilateral development cooperation, country-specific and regional development cooperation, European Development Fund, non-country specific development cooperation, humanitarian assistance, planning, support functions and communication, evaluation and internal audit, support conducted by civil society organisations and concessional credits. The MFA’s operating and financial planning is made in rolling cycles. This provides opportunities to modify the financial plans as the circumstances change. The mid-term operating and financial plan is a base for an annual budget. The annual budget also includes budget authorities for the budget year. The budget is implemented to the program level by financing decisions.

Finland’s budgeting process allows for multi-year predictability, while keeping some flexibility to reallocate aid when needed. Budget authorities are used in order to be able to make multi-year commitments. However, at least 20% share of the annual budget is not allocated with budget authorities.

The MFA publishes on its website the financing decisions on development cooperation projects and programmes, the evaluations of its activities and statistics on the use of development cooperation appropriations. The ministry also has an online service through which anyone can report incidents of suspected misuse of development cooperation funds.

Country strategies are based on the partner countries' development plans and a dialogue conducted with them. The responsibility for effecting change lies with the partner countries, and Finland supports their development. The areas of cooperation are determined together with each partner country, and they are also coordinated with the activities of other donor countries to avoid overlapping as far as possible.

Both the Country Strategy guidance and processes, and general guidance (e.g. Manual for Bilateral Programmes, 2016) on programme planning and implementation specifically support alignment. The strategic direction of the country strategy and programming in general is guided by both partner country's national development framework, including e.g. poverty reduction strategies, sectoral policies and plans, and Finland’s development policy. The very purpose of country-level programming is to position the development policy objectives and Finland’s support in the partner country development framework, and the support given by other donors. More specifically, this implies selecting and focusing on specific development challenges, i.e. policy areas, sectors and themes of cooperation where Finland alone or with other strategic partners can make a difference in the country in question.
During programming, analyses of the current political, governance related and socioeconomic development processes, gender equality, environmental/sustainable development, conflict and human rights challenges are made. These analyses form the basis of incorporating human rights and cross-cutting issues in the country strategy and in individual programmes.

Use of country systems (on plan, on budget, on parliament/through budget, on report) is the default approach, and both recommended and established practice, although there are exceptions. Applying other aspects of country systems (on treasury, on accounting, on audit) is dependent on the Public Finance Management capacities of the partner government, and as such the decision on which levels to apply always depends on the result of the initial risk analysis. The use of country systems is linked to the selection of aid modalities, implying a mix of aid instruments adjusted to match partner countries’ needs and capacity.

Risk management has perhaps not been fully consistent over the aid portfolio but, in project preparation, risks and opportunities have been analyzed and they influenced both project design and control mechanisms.

However, important steps have been taken. Anti-corruption Handbook for Development Practitioners has been available since 2012. The Country Strategy guidance and MFA Manual for Bilateral Programmes provide an integrated framework, guidance and tools for analyzing and managing contextual, programmatic and institutional risks. These tools, which are yet to prove their practicality, should help in making informed decisions in relation to opportunities and expected results, and in managing risks. The Result Based Management in Finland’s Development Cooperation – Concepts and Guiding Principles (approved in 2015) included also a systematic approach to risk management to be included into the planning and implementation of aid interventions. Risk management training was integrated into development cooperation administrative training programmes in 2016.

Joint analysis is used where feasible. Corruption and fiduciary risks are well managed due to the use of UN and Finnish partner organization systems. Regarding contextual risks, Finnish bilateral development cooperation relies heavily on international financial institutions’ and other multilateral agencies’ assessments or joint analytical work and joint responses in cases of grand corruption.

Finland’s aid is largely untied, with the share of untied aid above 90 percent. While the share of untied aid has increased marginally in the past five years, the level of tying is foreseen to remain very limited also in the future.

As an example of untying both formally and informally, the MFA geographical departments’ contract announcements ex ante, and notifications for contracts awarded ex post are transparent, as are the processes.

At the same time, Finland has started a new development innovation program (BEAM) and restarted the mixed credit program which are both mainly tied aid instruments.

Conditionalities are not used. The only exceptions are arrangement where Finland provides e.g. sectoral budget support together with other donors and where conditionalities have been agreed between the whole donor group and the partner government.
5.2. Partnerships: The member makes appropriate use of coordination arrangements, promotes strategic partnerships to develop synergies, and enhances mutual accountability

Country-led co-ordination arrangements and programme-based approaches are widely used in Finnish bilateral development cooperation. Finland participates in joint programming in all key partner countries and also uses delegated cooperation, but does not always find delegated cooperation as successful or efficient as planned. For example, delegated cooperation arrangements have often led to administrative inefficiencies and resulting in low disbursement levels. Therefore, delegated cooperation will be used with some caution in the future. Delegated co-operation among donors is also administratively rather cumbersome to implement in the Finnish State accounts. There have been some efforts to harmonize administrative arrangements between the Nordic countries but experience has shown that it takes quite long to negotiate.

In Finnish bilateral development cooperation, mutual accountability has been sought by various means: by using country systems to the extent feasible and facilitating the recording of Finnish aid on partner country budget, by reducing fragmentation and increasingly focusing bilateral aid in key partner countries, with systematic and increasingly transparent country strategies, by improving MFA information management systems i.a. regarding forward-looking, multiannual aid budget information, or transparent information on procurement or contracts to be awarded, and by actively participating in country-led coordination arrangements, such as policy dialogue and aid coordination platforms or development partner groups, budget support or sector working groups and technical working groups between the government and development partners. For example, the Evaluation of Finland’s Development Cooperation Country Strategies and Country Strategy Modality concluded that Finland is often "punching above its weight" by taking on sector coordination or other lead donor roles.

Mutual accountability is sought also in fragile contexts by subscribing to the New Deal Compact or other defined reference framework on mutual accountability, such as Somalia’s New Deal compact.

While the overall forward-looking planning and budgeting covers five years and provides predictability also for Finland’s bilateral partners, recent aid budget cuts have negatively affected this predictability and will likely have an impact on mutual accountability.

At the global level, Finland is actively engaged in e.g. the Global Partnership for Effective Development Co-operation.

In recent years, Finland – in line with the EU's development policy – has increased emphasis on the role of multi-stakeholder cooperation in achieving the set development goals. Thus, new instruments have been introduced to enhance participation of Finnish companies in development activities. In addition, Finnish civil society actors have been encouraged to cooperate with the business sector to bring about new skills and perspectives to their development efforts. This is in line particularly with Finland’s target to support creation of new employment opportunities in the global South, seen especially important both in terms of increasing people's living standards, as well as enhancing social stability and peaceful societies.

The government sees Finnish companies as key partners in development cooperation, encouraging them to actively engage in the development programmes financed by Finland. In addition, companies’ capacities to offer their expertise for use in procurements and programmes funded by
international organisations, development finance institutions, and the EU will be supported more systematically. Cooperation opportunities will be sought in the provision of solutions for handling natural disasters and crises, for example. Moreover, Finnish companies are encouraged to provide commercially viable, development-enhancing solutions to developing country markets. Finnish know-how in the fields of clean technology and bioeconomy can boost the implementation of circular economy in developing countries. This is a way to support climate change mitigation and sustainable development through ordinary business activities.

Finland has also been actively promoting multi-stakeholder partnerships through engagement of private sector including startups, CSOs, trade unions, and academia in activities related to the UN work on innovations, procurement and recruitment.

Furthermore, there are other forms of partnerships. Finnish government agencies, municipalities and universities also take part in the implementation of development cooperation through joint projects carried out between institutions in developing countries and Finland. Researchers, media professionals and cultural actors strengthen the knowledge of developing countries in Finland and promote public discussion on development issues. The aim is to make better use of the actors’ complementary strengths to support sustainable development. Many of these support forms are open to different types of Finnish actors. Information-sharing about best practices is improved. New approaches will be devised to make better use of the actors’ expertise, innovations and local networks. The feasibility of devising suitable forms of funding that encourage collaboration between different actors will be explored.

The role of civil society organisations in Finland’s development cooperation is articulated by The Guidelines for Civil Society in Development Policy (2010), to be updated during Spring 2017, and the GRP2016.

According to GRP2016, one of Finland’s aims is to reinforce the civil society in developing countries. This is done through their partnership with Finnish civil society organisations. To facilitate the cooperation between the civil society organisations, the MFA has several funding instruments in place. The largest, in terms of funds allocated, is programme-based support for professional Finnish CSOs that have proven experience in implementing development cooperation interventions.

Finnish CSOs’ development communication projects and global education actions in Finland are also supported. In addition to channeling funds through Finnish civil society organisations, Finland allocates a varying amount of funds to INGOs promoting development policy goals that are in line with Finland’s development priorities. Moreover, Local Cooperation Funds are managed by Finnish embassies in developing countries and are used to directly support projects by local CSOs.

The MFA encourages CSO’s to further develop the quality, effectiveness and impact of their development projects. The MFA’s instructions guide the CSO’s towards identifying results from the application process to reporting. In the assessment of Finnish CSOs funding applications, special attention is being paid to personnel costs in Finland to maximize the allocation of funds to the project activities. The CSO funding application forms have been renewed, giving more importance to the result chain, and the CSOs are encouraged to use RBM-tools in the monitoring and reporting.
5.3. Fragile states: Delivery modalities and partnerships help deliver quality

Updating country strategies for development cooperation with each partner country to reflect the current government priorities has been completed. For the first time a country strategy has been prepared for Occupied Palestinian Territory, and similar programming papers are being prepared for Afghanistan, Somalia, MENA-region (North Africa and the Middle East), as well as Syria and Iraq. Addressing conflict and fragility, and focus on peace and statebuilding are priorities in all of them.

Many of Finland’s partner countries are regarded as fragile states. Fragile situations also occur occasionally in other partner countries. Tensions can deteriorate into conflict through a variety of circumstances, such as unequal access to decision-making, basic services and economic opportunities. High emphasis in country strategies is therefore placed on the principles of inclusivity and equality to achieve lasting peace (Myanmar, Afghanistan, and Mozambique) and to reduce pressure for political uprisings or extremism (Nepal, Kenya, and Ethiopia).

The conditions that contribute to fragility are analyzed as part of the country context and risk identification in the country strategies. Finland has identified the most important contextual risks to the country program in all the country strategies. These risks are monitored annually and actions to mitigate the negative effects to the program have been identified. The risk assessment has also influenced the selection of program delivery modalities; as a means to address contextual risks, Finland works primarily through multi-donor arrangements in the most fragile contexts (Afghanistan, Myanmar, Somalia, Syria and neighboring countries). Support to CSOs is also relevant since they many times work in fragile states.

Finland participates actively in the coordination among the donors eg. in Afghanistan, Myanmar and Somalia. Finland is currently co-chairing the Environmental Sector Working Group in Myanmar.

Alignment with country-owned development priorities underpins all of Finland’s work. Country strategies have been developed in response to the development needs and priorities of the governments. In Myanmar, the country strategy acknowledges that development planning and restructuring of the new government is still ongoing.

Finland’s Development Policy and Development Cooperation in Fragile States (Guidelines for Strengthening Implementation of Development Cooperation) provides, among other things, guidelines for gradual implementation of the aid effectiveness principles in fragile states, in a way that supports the state-building process.

Finland channels its assistance in fragile states mainly through multi-donor funds, multilateral organizations and civil society actors. Finland’s bilateral government-to-government support is limited, and a significant amount of Finland’s aid to fragile states is also channeled through core funding of multilateral organizations.

Finland endorsed the New Deal in 2012 and is committed to its implementation. For example, Finland participated in the Somalia New Deal conference in Brussels in 2013, and together with the other development partners of Somalia, endorsed the New Deal Compact. Since then, Finland has aligned its engagement with Somalia within the New Deal framework. Finland’s engagement will be
aligned to the national development plan priorities and the new Partnership Agreement between the Somali Government and the international community, to be agreed upon in 2017.

In its bilateral government-to-government cooperation, Finland is committed to taking into account national development strategies or other such arrangements and channeling funding, when the situation permits, via country systems, so that assistance strengthens the partner country’s ownership as well as its institutions and capability. According to the New Deal and the earlier OECD/DAC Principles for Good International Engagement in Fragile States and Situations, and as stated above, Finland works primarily through multi-donor arrangements in the most fragile contexts (Afghanistan, Myanmar, Somalia, Syria and neighboring countries), and aims to reduce small- and short-term bilateral operations in fragile states. This is a strategic choice partly due to aid effectiveness principles and considerations, such as avoidance of overburdening weak administrations with bilateral projects. The long-term aim is to strengthen the partner country’s own structures. Other reasons for this modality choice, including risk management, security and monitoring, were explained above. The focus of assistance on priority areas jointly prepared and agreed by the partner country as well as a related joint funding strategy is a very important part of the peace- and state-building.

**Key reference documents:**

6. Results management, learning and accountability

6.2. Policies, strategies, plans, monitoring and reporting results-based management system is in place to assess performance on the basis of development priorities, objectives and systems of partner countries.

Since 2012, several steps have been taken to incrementally improve the results based management of Finland’s development cooperation. A more results oriented planning and management, monitoring and evaluation, as well as learning from results and communicating about them is now in place, although the system is still not complete.

The Strategic Programme for the Government includes a commitment to "improve the effectiveness, impact and measurability of development cooperation". GRP2016 commits to this by stating that "the effectiveness and impact of development cooperation will be increased. Informed decision-making and risk management will be further enhanced, and the measuring, reporting and evaluation of results and impacts will be stepped up."

In terms of being more results oriented as a policy document, GRP2016 does set clear priority areas and their objectives as well as outlines a loose theory of change on how Finland can contribute to their fulfilment. The priority areas are linked to 2030 Agenda and SDGs. Additionally Finland’s development policy principles, values and approaches are outlined as policy statements.

An evaluation on Finland’s Development Policy Programmes from a Results-Based Management Point of View 2003–2013 was conducted in 2015. It analysed how the Development Policy Programmes (DPPs) succeeded in defining the foundation for results-based development policy and cooperation. The evaluation, as well as the subsequent management response impacted greatly the discussion and decisions on the way forward for the current policy (GRP2016) and for the RBM development. As part of the discussions on the management response to the DPP evaluation, a decision was made not to create a results framework on the basis of the policy, but to focus on developing ways to report to the parliament on results in 2018. This approach is also reflected in the formulation of improvements in informed decision making, risk management, measuring, reporting and evaluating results in the GRP2016: "This will be implemented in a clear and simple manner, relying on information accumulated while delivering results and on e-Services. Information systems will be upgraded to serve these goals... When considering the allocation of current more limited staff resources, priority will be given to needs related to the attainment of results."

The commitment by the government to "by the end of 2018... draw up a report to the parliament on the realisation of the current (development policy) and on the results of development policy and cooperation, with particular reference to the progress achieved in the set priority goals... complemented with information gathered by the UN and its member states on the progress of the 2030 Agenda." is an important driving force to develop Finland’s results-based working methods. The current process is managed by an action plan for 2016-2018 approved by the Development Policy Steering Group in April 2016. This includes activities on three levels: development policy, policy channel and intervention levels.
Since the 2016 DPP, several decisions have been made to increase measurement, results-based management and information-based decision-making of our development policy as part of the annual planning and accountability systems of the government: The 2017 budget, the first under the current development policy, includes clear targets with regard to a selected set of the policy content (concerning priority areas, some approach and principle issues). These targets will be reported against annually in the government’s annual report to the parliament. Similarly, the operating and financial planning for development policy will include indicators against which the Ministry for Foreign Affairs will report as part of the same annual report.

From 2016 onwards, the QAG annually reports on key statistics regarding all new projects and programmes that have passed through it in a given year, to inform decision-making on e.g. the distribution of programmes to the priority areas, the level of HRBA or implementation of cross-cutting issues.

Prior to the current RBM action plan, an RBM Action Plan for 2013-15 was implemented, and as part of it country strategies for long-term partner countries were equipped with results frameworks and recently, policy and advocacy plans for multilateral cooperation with varying coverage of results indicators were introduced. Other measures in the plan included e.g. a new manual for bilateral projects and programmes which has been taken into use, and revising QAG method of work.

The MFA still lacks a comprehensive approach to RBM at the corporate level which would underpin a comprehensive Strategic Results Framework.

Finland’s approach to results measurement occurs first and foremost at the level of the programmes and projects financed by Finland. Information on results provided by monitoring and managing the programmes is used continuously for improving programme management. The 2015 RBM – document provides the basis for this work.

The development of results based management has recently focused on developing modalities on how to measure, manage and utilize results in decision-making on a more holistic level than individual programmes/projects, i.e. with regard to policy channels (bilateral, multilateral, CSO, private sector, other) or to the whole of Finland’s development policy.

Indicators defined in the country programmes are used to monitor the progress of the partner countries and to assess the effectiveness of Finland’s action. As far as feasible, the partner countries’ own monitoring systems, such as poverty statistics, are used to monitor results and Finland is actively involved in their development.

For country strategies, the results in impact, outcomes and outputs are based as much as possible on the partner country’s own systems. For multilateral cooperation, Finland leans on the results information provided by the organization in question. This applies also to the CSO and private sector cooperation – the results management systems of partners are used.

Finland has piloted, in 2015, aggregation of results information and plans to prepare the 2018 report to the parliament based on some aggregation in relation to the priority areas of Finland’s development policy.

With regard to fragile contexts, “Finland’s Development Policy and Development Cooperation in Fragile States – Guidelines for Strengthening Implementation of Development Cooperation” defines
the frameworks, guidelines and principles to be used in all Finnish aid in fragile contexts (including bilateral cooperation), e.g. guidelines for conflict-sensitive approach and conflict analysis.

A special emphasis is given to monitoring conflict sensitivity and ensuring that all work supported by Finland is at minimum human rights sensitive and is guided by Do No Harm principles. In the most fragile contexts, Finland works primarily through multi-donor arrangements or earmarked multi-bilateral projects in which case MFA relies on conflict analysis and monitoring by those multilateral partners responsible for the implementation.

Conflict sensitivity is also embedded in country strategies or other bilateral country-level programming documents through conflict analysis, risk management, monitoring of assumptions and unintended outcomes.

### 6.2 Evaluation system

The development evaluation norm (2015) is the policy that guides MFA’s evaluation function. It includes the definition and legal basis of evaluation of development policy, general principles and scope of evaluation, guides the planning of development evaluation and implementation of evaluations, as well as follow-up actions of evaluation and publishing and disseminating development evaluation results. The norm also guides evaluation capacity development and training, and MFA participation in international cooperation and joint evaluations.

The institutional position of the Development Evaluation Unit has changed since Finland’s last OECD/DAC last Peer Review. Development evaluation is now organized as an administratively separate unit. The unit is operationally independent and reports to the Under-Secretary of State responsible for development policy and development cooperation. The unit comprises of four staff members: the director and three evaluation experts.

The evaluation function of the MFA comprises of two entities. Centralised evaluations refer to comprehensive and strategic evaluations managed by the Development Evaluation Unit (e.g. evaluations of policies, country strategies, financing instruments, processes, results-, theme- or sector-based programmes or programmes of partner institutions). Decentralised evaluations are evaluations of projects or other entities that are financed and managed by units and embassies implementing and managing development cooperation (e.g. appraisals / ex-ante evaluations, mid-term and final evaluations). According to the Ministry’s Rules of Procedure, the Development Evaluation Unit is responsible for the guidelines and development of the entire MFA evaluation function.

The MFA applies the principles, standards and criteria of development evaluation agreed upon at the OECD/DCA and the EU. According to them, evaluation must be impartial, independent, credible and useful. Independence of evaluation results is ensured by commissioning evaluations to external experts. Also the new institutional position of the Development Evaluation Unit strengthens the independence the evaluation function in relation to development policy. The importance of independent evaluations was emphasized by the parliament when discussing and commenting GRP2016.

The Development Evaluation Unit prepares annually a comprehensive plan of evaluation in cooperation and consultation with other units conducting development evaluation and other stakeholders. The plan covers both centralised and decentralised evaluations.
Evaluation training needs are assessed in the context of the planning process.

The Development Evaluation Unit brings the comprehensive evaluation plan and possible subsequent changes to the Development Policy Steering Group for discussion, finalizes the plan independently based on comments and other factors to be considered, and finally presents it to the Under-Secretary of State for approval. The comprehensive evaluation plan is disseminated for information to the departments, units and embassies of MFA responsible for development cooperation. It is published at the MFA external internet site in Finnish and also in English as a short version.

The budget of the evaluation unit is recently 1.8 million euros, which is 0.28% of the overall ODA budget of Finland. It covers the costs of the centralized evaluations, evaluation training, as well as other support services provided by the evaluation unit for the other units of the ministry. The budget is also used for participation in international evaluation networks and initiatives and overall development of evaluation function of the Ministry. The decentralized evaluations are covered within programme budgets. There is no guideline on how many percent of the budget should be reserved for evaluations. The recent cuts has influenced the evaluation budget and staff, as well. In 2016, the development evaluation unit lost one staff member (20% of the total number), and some 20% of the budget.

The Development Evaluation Unit organises evaluation training together with the Staff Development Unit of the MFA and possibly also with other partners. In addition to basic evaluation training that is offered twice a year (face-to-face in Helsinki and since 2015 as web-based training), further training sessions are organised for staff and evaluators. Evaluation training is also part of the MFA’s training programme on development policy and cooperation. An Evaluation Manual was published in 2013, and will be updated in 2017.

The Development Evaluation Unit has supported evaluation capacity development in partner countries in cooperation with other international actors since 2010. Main partners have been UN evaluation units (UNICEF, UNWOMEN) and the IOCE / EvalPartners.

6.3 Institutional learning: Evaluations and appropriate knowledge management systems are used as management tools

In recent years, Finland has been developing an RBM system that would be based on results information arising from both monitoring and evaluation. The case management system (AHA-KYT) used does not currently include a reporting system for project results (nor results at an aggregate level).

All development evaluations carried out in the MFA are responded to by a management response. In these, it is considered what actions the MFA needs to take in order to respond to the recommendations internally, and what together with partners. Since centralised evaluations concern strategic issues, their management responses are prepared by representatives of a number of departments of the MFA jointly. The Development Evaluation Unit facilitates the process as its secretariat. A follow up on actions taken is done after two years.
The results of decentralised evaluations are handled in relevant steering committees and advisory boards. The handling and decisions are clearly recorded in the common planning documents for monitoring. The follow-up is done in the context of common monitoring and reporting practices.

Even though funding and resources for development research have been reduced in recent years, there have been discussions on how to utilize more efficiently the existing or new research information in decision making at the MFA. Revised instruments will be in place in 2017.

6.4 Communication, accountability, and development awareness: The member communicates development results transparently and honestly

MFA communications department provides many online channels – two websites, several blogs, social media-accounts, a service for publications – and tailored communication tools for the whole administration to use in order to encourage civil servants to communicate about their work. The mission for all communications is to provide accurate, timely and user-friendly information for stakeholders, as well as for the society at large in both national languages Finnish and Swedish. Communications department works together with the departments, units and embassies in charge of substance providing communication tools and supporting them in further improving transparency and accountability. Development communications also works actively with the media in general. According to the polls, media is by large the main source of information on development for the general public.

In 2014, MFA Finland published an open data service for statistical information of Finland’s official development cooperation reporting to the OECD. The automatically updated database covers the years 2006–2016 – however in the spring of 2016 the service was made temporarily unavailable when it was realised that the process of feeding the information was not reliable throughout the administration and therefore the service produced partly unreliable statistics. The ministry is currently working on the issue.

The priorities for communications are set in cooperation with the development policy leadership and departments. In 2014, four key messages were formulated for the whole organization to use when communicating about development cooperation (Annex 3). The key messages and simple communication tools developed have since been in systematic use by the Communications department and in wide but somewhat less systematic use by substance departments and Embassies. One of the key messages is: Development cooperation brings results. This message has been supported by web-based material*. While exhaustive RBM-reports have not so far been available, individual results have been collected separately for communication purposes.

Hashtag #kehitystulos (“#aidworks”) was launched for the organization’s social media use in early 2016, and partners are now encouraged to use the same hashtag. For 2017 a large initiative for

*Communicating results:

Communicating on humanitarian aid:
communicating results is being prepared: This “100 results”-project is linked to Finland’s 100th anniversary; CSO and private sector partners are invited to participate.

In 2014, the government gave to the parliament Government Report on the Impact and Coherence of Development Policy. This was the first time ever this report procedure was used for development policy. The report contained examples of results but its main focus was on how development policy approaches, and policy coherence for development are the key to improving the impact of Finland’s development policy.

The process contributed to the fact that development cooperation emerged as an electoral topic in the fall of 2014. In the past 2 years, MFA has had to put a lot of attention to “crisis response” when the political and public discourse has focused 1) on the risks and shortcomings of development cooperation, 2) on the cuts of funding that followed the Parliamentary Elections. The budget adjustments have for more than a year now dominated the communications of CSOs, who are traditionally the biggest and the most wide-reaching communicators in the field, also when resources are concerned.

This negative public debate, if continued, may in the long term influence the Finns’ traditionally positive attitudes towards development cooperation. Also, the resources for development communications have been significantly diminished both in the MFA and in the civil society. This calls for identifying new possibilities for cooperation and activating the communication of all the partners – to make the most of the resources available.

Specific attention will be paid to provide the political leaders timely and concise information on development policy and on the results of development cooperation. As described in chapter 6.1. RBM results will be reported to the parliament in 2018.

In addition to regular reports, attempts to engage in dialogue with the parliament and political parties on a more continuous basis have been planned. This includes a more coordinated and holistic dialogue with key parliamentary committees, more direct contacts with key politicians as well as political parties.

In addition, during the implementation all executing agencies are encouraged to publish development results, both success and failure, using different means of communication. An excellent example of communication practices is the Programme for Finland’s Water Sector Support to Kyrgyzstan and Tajikistan administrated by the Finnish Environment Institute (SYKE). The Programme has a detailed Communication Plan which is updated regularly by the team administering the Programme. The Plan outlines responsibilities of different actors, including the implementing partner organizations in partner countries. Communication happens on various levels: the administration team communicates results to audiences in Finland and to the development community at large and the implementing partners ensure that results and risks are carefully communicated to the communities and policymakers involved in the projects. Successes are communicated to the citizens on a local level, as well as, to the development partners on national and regional levels, in order to encourage the upscaling of good practices. Failures and risks, such as, difficulties in engaging local stakeholders or challenges posed by natural resources are discussed together with other actors active in the water sector.

2030 Agenda provides a global framework for raising awareness through communications and global education. As the national coordinating body for 2030 Agenda is the Prime Minister’s Office, MFA has initiated and encouraged PMO to develop joint communication activities where 2030
Agenda is discussed on global, national and local level. The aim is to increase the engagement of the municipalities, CSOs and private sector as well as governmental bodies. For global education purposes, new 2030 Agenda -materials suited also for primary schools have been designed and distributed for all Finnish schools for basic education in the fall of 2016 (Annex 4). MFAs circulating exhibition World 2030 and web materials for schools further support global education nationally: http://maailma2030.fi.

The MFA and the National Board for Education are engaged in longstanding and fruitful cooperation to support global education through the Finnish school system: two joint projects 2010–2014 concentrated on the role of global education in the reform of the National Core curricula. As the new curricula were launched and became operational nationwide in August 2016, there is indeed ample space for promoting responsible global citizenship through global education. The cooperation continues with MFA financing a CSO-project to offer in-service-training for teachers and the National Board of Education participating in the steering group of the project. Possibilities to initiate small-scale cooperation in the early-childhood-education are being investigated.

The MFA also allocates funding for specific development communication and global education-focused projects carried out by Finnish NGOs in Finland. These projects aim at increasing the Finnish public’s knowledge of development issues and the Government’s development policy while communicating on specific development themes from the development countries’ point of view. In addition to this specialized funding instrument, a portion of the financial support allocated to Finnish Civil Society Organizations through the development project and programme funding instruments is used for development communication and global education activities in Finland. In 2015, the total amount used for development communication and global education activities through the civil society partners was over 7 million €. A communication plan is also mandatory in some of the instruments. The yearly budget for MFA Development Communications is approximately 1 million €.

Key reference documents:

7. Humanitarian assistance

7.1 Strategic Framework - Clear political directives and strategies for resilience, response and recovery

GRP2016 includes specific chapters on Humanitarian Assistance and on Refugees. A more detailed guidance on humanitarian issues is provided by the Finnish Humanitarian Assistance Policy, launched in 2012. The policy defines key principles, objectives, channels and priorities of Finnish humanitarian assistance with the aim of making relief efforts increasingly effective.

The current policy is in line with the European Consensus on Humanitarian Aid and takes into account the UN General Assembly key resolutions regarding the strengthening of the humanitarian response system, including the UN resolution 46/182, confirming the UN’s leading role in coordinating humanitarian assistance. The policy is complemented by the Guidelines on funding allocations, which provide more detailed guidance on the way Finland puts into practice the Good Humanitarian Donorship principles.

The policy indicates that the primary goal of Finnish humanitarian assistance is to save lives, alleviate suffering and maintain human dignity during and in the aftermath of man-made crises and natural disasters. The respect for international humanitarian law, international human rights law and international refugee law is a fundamental principle of the Finnish policy. It also makes a strong reference to the need to ensure that humanitarian activities are funded on the basis of needs assessments and in proportion to needs, not on political, economic or other motivations.

In addition to these principles, the policy sets up four specific goals that Finland is focusing in order to improve the effectiveness of the humanitarian action: 1) be a responsible, timely and predictable donor; 2) support efforts to ensure effective, well-led and coordinated international humanitarian assistance system; 3) grant support to capable and experienced non-governmental organisations, and 4) make efforts to ensure that humanitarian principles are well-known and adhered to.

During the preparation of the policy, the relevant ministries, agencies and civil society organizations were consulted and provided with the opportunity to give feedback on the draft document. The policy and guidelines will be revised in near future, utilizing the recommendations from the on-going civil society and other evaluations.

In the transition phase following a crisis or a disaster, Finland makes efforts to holistically link relief to recovery and development, and takes measures to ensure close coordination between peace building, humanitarian assistance, reconstruction, development activities and disaster preparedness and risk reduction.

Finland's humanitarian assistance is targeted globally on needs basis to ODA eligible countries. Consequently, linking of relief to development largely materializes by means of multilateral UN cooperation, through multilateral development banks and NGO activities, and with cooperation in the EU.

Finland is a strong supporter of the global Disaster Risk Reduction (DRR) agenda. Finland has made a significant contribution to strengthening of the international capacity and leadership on DRR by
co-chairing the preparation and implementation of the UN World Conference on Disaster Risk Reduction in Sendai.

Finland has been the Chair of the European Forum for Disaster Risk Reduction (EFDRR) in 2016, and the EFDRR conference was successfully organized in Helsinki in October. President Tarja Halonen, who is the UN Global Champion for Disaster Risk Reduction, nominated by the UN Secretary-General, has also played an important role promoting and advocating for the Sendai agenda.

In order to support the global implementation of Sendai framework, Finland provides multi-year core funding to the ISDR and holds active dialogue with the organization. Finland actively promotes Sendai agenda through the Executive Boards of UN agencies.

Finland is currently revising its national DRR action plan, to better integrate the Sendai approach. Under the previous plan, Finland had committed itself to mainstream disaster risk reduction into development policy and cooperation and civilian crisis management programmes supported by ODA funds. The plan also involved investments in special projects, active communication and policy dialogue with the partner countries and other actors. These key elements of the approach will most likely continue.

Finland actively participated in designing and preparation of UNDP-OCHA-ISDR initiative “Connecting Business”, including the membership in informal advisory board. The aim of the initiative is to link the private sector of the affected areas with that of international community (multinational companies) to increase the resilience and enhance innovation in hazard-risk regions. Connecting Business was launched in World Humanitarian Summit in Istanbul, May 2016. Finland aims to promote public-private partnership in humanitarian response for the adoption of innovation and new technology.

Finland has also invested into specific projects and programmes for DRR contributing to mitigating climate change and strengthening early warning and disaster preparedness, e.g. through the Finnish Red Cross, the Finnish Meteorological Institute and the Finnish Environment Institute. In addition, Finnish private sector is also strongly involved in DRR. Finland has several well-known private sector actors engaged with DDR with significant expertise, such as Vaisala Oyj.

Approximately 10% of the annual development cooperation budget (ODA) is allocated to humanitarian assistance. More funds can be allocated if deemed justified. Finland is committed to being a predictable, flexible and timely donor, and channels the majority of the humanitarian budget based on the UN Humanitarian Response Plans and Appeals.

In addition, some international organizations are granted core funding. The Ministry grants country- and region-specific humanitarian support normally for one year, while core funding can be in the form of multi-annual commitments within the parameters permitted under the State Budget.

In the last few years, Finland’s humanitarian funding has decreased due to the overall cuts made to ODA and overall public expenditures. The record year for Finnish humanitarian assistance was 2014 with the total volume of aid of 106 million euros. In 2015, the volume was 98 million euros and in 2016 around 92 million euros. In 2015, humanitarian assistance formed 12 percent in the Finnish ODA. Due to recent budget cuts, Finland has reduced the number of agencies that receive funding. However, the cuts have been relatively much smaller in humanitarian funding than the overall ODA cuts.
In order to ensure the effectiveness of its humanitarian action, Finland channels its funding through UN organizations, the International Red Cross and Red Crescent Movement and those Finnish NGOs that have the partner status of the European Commission Directorate-General for Humanitarian Aid and Civil Protection (ECHO). Finnish NGOs eligible for funding are the Finnish Red Cross, Finn ChurchAid, FIDA, Plan, Save the Children and World Vision.

The major part of the Finnish humanitarian budget goes to support the UN agencies, UNHCR and WFP being the key organizations. In 2015, about 76 percent of the humanitarian budget was allocated through UN, while 24 percent was directed through the Red Cross and Red Crescent Movement and Finnish NGOs. Finnish NGOs alone (without ICRC/IFRC) received 8.8 percent of the total. In 2016, the UN portion has slightly further increased. This is due to the decision to ensure that Finland, in the context of overall budget cuts, fulfills the requirements and reaches the thresholds of the most important friends and donor groups, and maintains its current funding level to WFP, to support the upcoming membership in WFP Executive Board in 2017.

Finland is committed to promoting un-earmarked, multi-year and flexible funding, according to the principles of Good Humanitarian Donorship (GHD). Finland has also endorsed the Grand Bargain and already achieves its benchmark of providing 30 percent of its overall humanitarian funding as un-earmarked. Multi-year core funding is granted to UNHCR, WFP, UNRWA, OCHA, UNISDR and ICRC.

Humanitarian funds are channeled to pooled funds, as well. The most important one for Finland is the Central Emergency Response Fund (CERF). Finland has been a supporter of CERF from the beginning.

### 7.2. Effective programme design - Programmes target the highest risk to life and livelihood

Finland’s decisions on humanitarian assistance are governed by the following general principles:

1. Needs-based approach: The scale of the need by country/affected populations and sector is the main criteria for funding decisions
2. Timeliness: The response must take place in a timely manner
3. Strategic approach: Finland targets its assistance to sectors which contribute the most to saving lives, maintaining people’s dignity, and restoring livelihoods
4. Complementarity: The assistance must complement other donors’ support, so that the needs in the key sectors are covered in a balanced manner
5. Flexibility and un-earmarked funding: Funding to UN agencies, the ICRC and IFRC is loosely earmarked, only by country or region. Organizations may decide on the specific use of the funds to humanitarian activities
6. Predictability: The amount of assistance per organization does not vary to a great extent from year to year without any justified reason

However, it is important to note that the key principle for funding is needs-based approach.

Funding allocations for humanitarian assistance are made twice per year. The first instalment represents approximately 70-80% of the total humanitarian budget for the year, with the remaining
funds allocated in the autumn. Funding decisions concerning the sudden on-set crises are made throughout the year as necessary.

The Finnish Embassy network follows up the political and socio-economic changes in the partner countries, keeps the humanitarian unit abreast of the latest developments and actively provides information on humanitarian needs.

Finnish humanitarian policy emphasizes the importance of beneficiary participation in planning and decision-making on aid and compliance with internationally accepted humanitarian aid standards, including the Sphere and INEE standards and the Do No Harm principle. Aid workers are required to adhere to a code of conduct to prevent abuse.

Finland requires that the organizations supported incorporate climate sustainability, gender equality and the reduction of inequality into their operations and pay particular attention to the rights and needs of vulnerable groups, such as children and the disabled. Finland emphasizes the importance of implementing the UN Security Council resolutions “Women, Peace and Security” and “Children and Armed Conflict” and the “Guidelines on Children and Armed Conflict”.

Finland has actively promoted integration of persons with disabilities into humanitarian action and highlighted their need to access assistance and to active part of planning, decision making and monitoring of the assistance. As a result of Finland’s systematic advocacy, the IASC has established a specific task team to prepare system-wide guidelines on disability after the launch of the Charter on Inclusion of Persons with Disabilities with Disability in humanitarian action in the WHS.

Finland was highly active in the first World Humanitarian Summit process and made a significant contribution to its successful organization. In collaboration with a coalition of Member States, UN agencies, International Organizations and Civil Society Organizations, Finland launched a groundbreaking Charter on Inclusion of Persons with Disabilities into Humanitarian Action.

7.2. Effective delivery, partnerships and instruments Delivery modalities and partnerships help deliver quality assistance

In the context of protracted and large-scale IDP and refugee crises, Finland allocates support both in the form of humanitarian assistance and development cooperation, with the objective of providing life-saving relief and, at the same time, strengthening resilience of affected communities. Support is targeted to countries of origin and those of hosting high number of refugees. The main regions include Middle Eastern countries bearing the consequences of the Syrian conflict, Iraq, and volatile countries and regions, such as, Afghanistan and Horn of Africa, including Somalia, Kenya and Ethiopia. Furthermore, Finland has actively supported the development of the ‘resilience’ concept and agenda together with the UNDP. The approach that brings humanitarian and development efforts under a coordinated plan has facilitated a more coordinated approach also in the Ministry.

In connection with Flash Appeals for large and unexpected crises, the Ministry is prepared for rapid decisions and an effective mobilization of funding. In such a situation, the Director of the Unit for Humanitarian Assistance and Policy takes decisions concerning urgent discretionary government transfers after having consulted the Minister. The decision is made, as far as possible, within three
days of the date of receipt of the preliminary emergency proposal. In a very urgent case, a pledge can be made in a matter of hours.

Finland is a strong supporter of the UN GA resolution 46/182 from 1991 where the leading role of the UN in global humanitarian coordination was originally laid out. The Finnish Policy underscores the UN special coordination and leadership role in humanitarian assistance. Finland provides support to OCHA and works very closely with them.

In general, Finland has been very active in promoting the Humanitarian Reform and the IASC Principles’ Change Agenda, in the Executive Boards of the various UN Funds and Programmes and UN Specialized Agencies. Finland has actively participated in the different policy fora to promote better coordination, improving system-wide accountability, advocating for joint needs assessments and promoting inter-cluster coordination among agencies.

As a signatory of the Geneva Conventions, Finland has participated in the International Conference of the Red Cross and the Red Crescent Movement, providing guidance on the strategic directions, and in the ICRC Policy Forum and Donor Group.

Finland is an active member in the humanitarian donor community and participates in many of the existing important humanitarian policy fora, including the Executive Boards of UN agencies, Good Humanitarian Donorship Group, OCHA Donor Support Group, and various other donor donor support and friend groups.

In 2013, Finland co-chaired, together with Mexico, the Geneva based GHD group. This gave Finland the opportunity to carry out a study on donor approaches to mainstream environmental concerns into humanitarian action. In 2013, Finland chaired the UNICEF Executive Board, which revised the criteria for UNICEF humanitarian assistance.

In addition to allocating appropriations from the national budget, Finland participates in the funding of EU humanitarian assistance through the Community budget and contributes to the development of EU humanitarian assistance through active participation and involvement in Council working parties.

7.4. Organisation fit for purpose - Systems, structures, processes and people work together effectively and efficiently

In terms of promoting International Humanitarian Law (IHL), the Humanitarian Unit co-operates closely with the Legal Service of the MFA, which is a key Finnish actor in the promotion of IHL, both internationally and domestically. The Legal Services chair the Finnish Committee for the Implementation of IHL.

Humanitarian unit is responsible for funding for humanitarian and early recovery part of assistance. Since Finland’s last peer review, humanitarian mine action coordination was moved to the Unit for Arms Control in the Political Department, to ensure better coherence between financing and implementation of relevant international treaties. The Unit for Civil Society, the Unit for UN Development Issues, the Unit for Sectoral Policy, Unit for Development Banks and the Regional Departments are responsible for the funding of the development and reconstruction, and the Political Department for Humanitarian Mine Action.
In addition to humanitarian assistance, the initial stages of a crisis often involve emergency rescue operations, which in Finland are coordinated and funded by the Ministry of the Interior. Ministry of the Interior is also responsible for UNDAC and collaboration with the EU on civil protection. In addition, the National Plan of Action for Sendai Framework is being drafted by the Ministry of the Interior. The MFA and Ministry of Interior share information on issues of common interest and conduct meetings several times per year.

Finland is committed to actively promoting the principles of international humanitarian law, humanitarian space and protection of civilians. The IHL forms a fundamental framework when Finland takes positions concerning civil-military actions. Finland underscores that humanitarian assistance is not a crises management tool or an instrument for progressing political or military agendas. The safety and security of humanitarian workers is also an important issue for Finland. The humanitarian principles are well known and respected also by the Ministry of Interior and the Ministry of Defence.

The Oslo and MCDA Guidelines are reflected in the Finnish Humanitarian Policy. Finland emphasizes the importance of a clear division of responsibilities between civilian and military actors, and the need to adhere to the above mentioned UN-approved Guidelines and to the last resort-principle.

Finland has promoted greater awareness of the Guidelines and of international humanitarian law through different awareness raising activities, including training, political dialogue, speeches, lecturing, etc, and by highlighting the importance of the Guidelines in the relevant external and internal position papers.

The MFA has also provided financial support to the IHL-related projects and organizations, such as the Finnish Red Cross Society. Finland is a long-term supporter of ICRC, which has a special mandate in terms of promoting IHL. The Finnish Red Cross has trained peace keepers on IHL and humanitarian principles. In addition, Finland has supported the ratification and implementation of international agreements concerning the position of internally displaced persons and refugees, such as the Kampala Convention of the African Union and collaborated on this with ECOWAS and UNHCR.

The Humanitarian Unit consists of seven staff members, including Director, Deputy to the Director, three Desk Officers, a senior Humanitarian Advisor and a Secretary. In addition to the Humanitarian Unit, the Finnish Permanent Mission to UN in Geneva and New York and the Finnish Embassies in Rome, Nairobi, Ramallah and Cairo are actively engaged in the humanitarian discussions and efforts to make the humanitarian system fit for purpose in accordance with the 2030 Agenda and the WHS commitments.

Apart from Kabul the MFA does not provide any additional incentives for skilled staff to remain in post. However, while the length of normal rotation in diplomatic service is usually 3-4 years, in some “hard-ship” posts 2 years is considered adequate.

Humanitarian assistance is included in the basic training on Finland’s development policy and cooperation at the MFA. However, in order to ensure the adequate humanitarian capacity and knowledge, the Humanitarian Unit has organized several training sessions to the MFA staff on issues related to humanitarian assistance. A special training course was organized in collaboration
with the Finnish Red Cross on the International Humanitarian Law. A session on evaluation of humanitarian assistance was also organized for staff, with the inclusion of the NGOs partners.

The Diplomatic training and Administrative training programme participants (MFA’s new staff) have a week long general introduction to preparedness, safety and security issues. Naturally, each year an annual training programme for those transferred abroad is organized - besides administrative and consular matters, few days are reserved for security issues and one day for multicultural working environment. In addition, Security Service of the MFA offers possibility to participate to a hostile environment training three times per year for those transferring or in fragile and conflict affected postings. Finally, general training course on Finland’s development policy and cooperation is organized a couple of times a year.

7.5. Results, learning and accountability

In 2009-2012, the National Audit Office of Finland carried out a thorough audit of the humanitarian assistance of the MFA with a focus on the results achieved. In general, according to the audit report, Finland has attained significant positive results and Finnish aid was considered to be efficient and well-organised. The audit also gave some recommendations for further improvement, including the need to define more clearly the annual level of humanitarian assistance, prepare specific guidelines for determining funding allocations, review the level of administrative costs paid to NGOs, further expedite aid payments and strengthen financial reporting. These recommendations were taken into account in the preparation of the Guidelines for Humanitarian Financing.

The last comprehensive, external evaluation of Finnish humanitarian assistance was commissioned in 2005 (Evaluation of Finnish Humanitarian Assistance 1996-2004; Final Report April 2005). Since then, humanitarian issues have been taken into account in some of the other evaluation, e.g. Evaluations of bilateral country programs. Currently, the evaluation unit is conducting an evaluation on the civil society organizations receiving Programme-based support and support for humanitarian assistance. In 2015, an evaluation of humanitarian mine action was carried out. According to the evaluation, the implementing agencies have performed well, but the MFA lacked a clear strategy over how mine action fitted within wider development cooperation remit.

Finland monitors both the use of humanitarian funding and the effectiveness of the organizations’ work. The effectiveness is measured by the achievement of the objectives indicated in the strategic plans of the organizations and results gained at country level. These issues are followed through annual reports, inspection visits and evaluations. The MFA requires that the organizations actively review their activities and distribute the results of any relevant evaluations.

Finland has carried out field trips to obtain an accurate picture of the effectiveness of the work of the NGOs that have been supported. In 2012-2015, visits have been made to Uganda, Rwanda, Burundi, Jordan and Kenya, to monitor the NGO programmes. Finland has also taken actively part in field visits and donor missions organized by UN agencies and ICRC. The MFA also pays frequent visits to the headquarters of the agencies in order to gain information and maintain active policy dialogue.

Finland has taken part in joint evaluations in cooperation with other donors, in the MOPAN (Multilateral Organisation Performance Assessment Network) cooperation that assesses multilateral organisations’ effectiveness, and in the peer reviews conducted by the OECD Development Assistance Committee (DAC). In 2013, Finland was the Institutional Lead for the WFP
MOPAN assessment. Finland follows carefully the evaluations carried out by the UN system and participates actively in the deliberations concerning them at Executive Boards and Donor Support Groups.

**Key reference documents:**

- **Finnish Humanitarian Assistance Policy:**

- **Guideline Concerning Humanitarian Funding Granted by the MFA of Finland:**

- **Evaluation of Finnish Humanitarian Assistance 1996-2004; Final Report April 2005:**

- **Evaluation of Humanitarian Mine Action:**
## Follow-up to the recommendations from previous peer review

| Overall framework for development cooperation | Revised guidance was developed for the elaboration of result focused country strategies that are based on partner country priorities and - where applicable - harmonized with country results frameworks, yet focusing on areas in which Finnish know-how and funding have particular value and there is a specific demand for them. General guidance on both RBM and HRBA were developed in 2015. Consequently, the manual for bilateral cooperation has been updated accordingly in 2016. The manual for institutional cooperation is currently under preparation. Revision of the application form for discretionary government grant and related instructions to better support the RBM and HRB approach. Also the process related to the selection of NGO partners for programme-based grants and related guidance on reporting is currently being harmonized and revised to better comply with the same. HEI-ICI Programme 2016 has a new Results Framework including a common impact and outcome statement for the entire programme, as well as four result areas with outputs and related indicators. This aims to harmonize the planning of projects and reporting and better aggregation of the results at the programme level. For cooperation with multilateral partner organizations, policy and advocacy plans were prepared in 2014 to promote more results-oriented approach in multilateral cooperation. Annual reports on implementation were prepared for 2015. Budget and human resources cuts realized in 2016 led to further focusing of cooperation with UN development and specialized agencies. The plans were revised in 2016 (and used if the Finnish financial core contribution to the organization was one million or more) based on the priority areas of the new development policy programme. The focus of influencing was sharpened and indicators for follow up improved. At the same junction also Finland’s country programs were revisited. |
| Setting clear priorities and objectives for a focused development programme |

| Recommendation 1 |
| To focus Finland’s development cooperation where it can have the greatest impact, and ensure its full implementation, Finland should: |
| Focus, specify and operationalize its development policy through its guidance on bilateral, multilateral and civil society co-operation. Make full use of related operational tools to identify clear objectives with expected results and verifiable indicators in its cooperation with partners. |

### Promoting development beyond aid

**Ensuring that policies across the**
### Recommendation 2

To ensure that relevant policies support, or at least do not undermine, development goals in developing countries, Finland should:

- Identify strategic objectives for promoting synergies, and avoiding conflicts, between existing and new relevant policies and development goals, and ensure that these are systematically considered and addressed by all relevant ministries.
- This requires determining responsibilities across the entire administration and enhancing existing co-ordination mechanisms to identify the most effective working processes for clear information and decisionmaking flows.

In 2012-2015, the government high level network for PCD met semiannually to align and harmonize work in different policy sectors. The network was led by the Under Secretary for International Development. Currently, the future of this network is under consideration due to the ongoing national the 2030 Agenda work. The 2030 Agenda itself provides a new opportunity to address PCD issues in the domestic policy making within the national 2030 Agenda coordination. The national implementation plan for the 2030 Agenda is currently under finalization at the Prime minister’s office.

A cross departmental trade and development team within the MFA has been merged with a broader team covering also Finland’s trade with developing countries (Team Finland). Membership now includes other ministries and institutions, such as Finpro.

Finland has made progress in implementing PCD by piloting priority topics. This has been chosen a way forward to tackle the multifaceted PCD themes. Finland was the first country to apply the OECD tool for policy coherence for development when piloting the tool in the area of for food security in 2012-13. In addition, aid for trade, migration, tax and development, and peace and development have been in focus since 2012.

### Strengthening analysis and monitoring

In food security, a pilot study was done in 2012-13. In addition, Finland joined the OECD, ECPDM and Economic and Social Research Foundation to study food security in the field, in Tanzania, to develop a methodology for assessing the impact of OECD policies on food security at the country level.
developing countries' development objectives, Finland should:

Strengthen monitoring and analysis of results and impact of Finnish and EU policies on developing countries, by commissioning studies or drawing on available analysis from external sources, and on feedback from its embassies.

National food security network created during the first pilot has met approximately semiannually to update national progress in food security.

Finland continues to take active measures in addressing tax avoidance and illicit financial flows. In August 2016, MFA released its Action Programme for Tax and Development for the years 2016-2019. The action plan implements the Government Programme's focus on strengthening tax base and Government Report on Development Policy's emphasis on well-functioning societies. It includes objectives that concentrate on 1) achieving and implementing international tax rules; 2) strengthening developing countries' taxation capacity and domestic resource mobilization; 3) increasing civil society's awareness and knowledge on the link between taxation and public services; and 4) ensuring that reliable research and analysis on the matter are available. In addition to Finland’s active role in the EU and OECD, in tax and development related matters the MFA cooperates with Ministry of Finance, Finnish Tax Administration and both local and international organizations.

Aid volume and allocation
Developing a credible plan for achieving ODA targets

Recommendation 4
To meet its international commitment of allocating 0.7% of its GNI as ODA by 2015 and to provide predictability on the evolution of ODA to both its partner countries and its own development cooperation system, Finland should:

Building on its earlier success in growing ODA, develop a credible and strategic path for increasing ODA levels and meeting its international

GRP2016 outlines that Finland's "long-term goal is to raise the level of our development cooperation funds to 0.7 per cent of gross national income in accordance with UN goals." And: "Finland intends to increase its development cooperation funds as its own economy pics up."
FINLAND

<table>
<thead>
<tr>
<th>Keeping the development cooperation programme focused</th>
</tr>
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<tbody>
<tr>
<td>Recommendation 5</td>
</tr>
<tr>
<td>To maximise the impact of its development programme, Finland should:</td>
</tr>
<tr>
<td>Continue to concentrate ODA on its long-term partner countries and on those least developed countries and priority areas where Finland can have a clear impact, while avoiding engaging in too many subsectors and stand-alone projects with an unclear development impact.</td>
</tr>
<tr>
<td>Finnish development cooperation focuses on long-term partnerships. Finland support countries that are committed to achieving development goals and can benefit from Finnish know-how.</td>
</tr>
<tr>
<td>Nearly all of Finland's development cooperation partner countries count among LDCs in Africa and Asia. Many of them are also regarded as fragile states, and have the greatest need for assistance.</td>
</tr>
<tr>
<td>Finland focuses on areas where Finnish expertise and strengths can be exploited, and support can be targeted specifically at the four priorities of Finnish development policy. The cooperation is limited to a maximum of three sectors per country.</td>
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<table>
<thead>
<tr>
<th>Working more strategically with civil society organisations</th>
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<tbody>
<tr>
<td>Recommendation 6</td>
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<tr>
<td>To ensure that its support to and through civil society focuses on quality programmes, Finland should:</td>
</tr>
<tr>
<td>The Guidelines for Civil Society in Development Policy will be updated in the Spring of 2017. This will further strengthen the strategic approach to working with civil society in development cooperation.</td>
</tr>
<tr>
<td>Results-orientation of CSO cooperation has been further strengthened. Different funding modalities have adopted improved application formats, guiding applicants towards a more results-based approach in their work. Applications must also take more systematically into account other interventions in the proposed thematic or geographical area. Information</td>
</tr>
</tbody>
</table>
Develop a strategic approach to working with civil society organisations that focuses on programmatic financing, thus minimising the administrative burden on the MFA and enhancing Finland’s capacity to focus on the development impact of CSOs interventions. Such an approach should ensure synergies with Finland’s overall cooperation objectives in partner countries.

Programme-based support is undergoing revisions and funding will in the future be granted based on a simultaneous application round, instead of the current revolving system, which has not allowed for a thorough pre-funding qualitative assessment of CSO programmes. The programme-based funding modality is also being evaluated, due to its relative size in three parts, the final of which will be concluded in mid-2017.

Management procedures and practices have continued to be revised and developed in order to achieve effective and equal management. However, despite the fact that personnel has continued to decrease, administratively nearly all funding instruments have remained, albeit no longer being granted every year.

<table>
<thead>
<tr>
<th>Organisation and management</th>
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<tr>
<td>Ensuring consistent implementation of Finland’s development policy</td>
</tr>
</tbody>
</table>

**Recommendation 7**

To remain fit for purpose and to ensure that the development programme is consistently and effectively implemented, the Ministry of Foreign Affairs should:

Provide harmonised up-to-date tools, guidelines and training for the entire development staff (at headquarters and in the field). In doing so, sharing on activities of CSOs has increased, leading to more synergies with other development interventions on the ground.

MFA has recently revised the guidelines for the Quality Assurance Group which studies all project and programme proposals prior to the financing decision, on the quality of the project or programme, and to ensure compliance with the development policy.

RBM and HRBA are included in all the updated manuals.

The manual for bilateral programmes includes updated practical tools and sample document templates.

The planning of development policy and cooperation training programme for 2017 included the query on learning needs of the Ministry and embassies, especially the locally recruited staff.

Every year there are workshops attached to development policy days where the staff from the Ministry and Embassies learn and work together on important common objectives.

In 2016 there were trainings in the Embassies and eg. one-day course on development policy and cooperation in English followed the 3-day course of
Finland should preserve the flexibility in its working methods. 

In October 2016, a network of trainers has started to support trainers and develop more effective trainings. 

Organization strategic plans were prepared in 2014 to promote more results-oriented approach in multilateral cooperation though these do not include cooperation at country level. Annual reports on implementation were prepared for 2015. 

Budget and human resources cuts realized in 2016 led to further focusing of cooperation with UN development and specialized agencies. The policy and advocacy plans were revised in 2016 (and used if the Finnish financial core contribution to the organization was one million or more) based on the priority areas of the new development policy programme. The focus of advocacy was sharpened and indicators for follow up improved. At the same junction also Finland’s country programs were revisited.

<table>
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<tr>
<th>Decentralising development cooperation</th>
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**Recommendation 8**

*To ensure that the division of labour between headquarters and the field gives embassies the necessary authority to implement the Finnish development programme, and to enhance its presence in the field, Finland should:*

Decentralise further, based on clear criteria and objectives, and on an analysis of how delegation of authority – including financial authority – can empower embassies to best implement the new development policy

The recommendation has been given due consideration. As a result, all funding decisions continue to be made at the MFA, except for embassies managing local cooperation funds and a part of funds dedicated to programming, identification and planning of development cooperation. Issues such as financial authorizations, preparation of financial decisions and transfers of funds will continue to be managed centrally at MFA in view of the availability of human resources. While the main responsibility for country programming lies in the regional departments, embassies together with respective desk officers in the ministry are responsible for compiling the context analysis for country strategies and following and reporting on the implementation annually.

Country strategies, and their reporting and management responses, are elements of a basic results-based management and quality assurance system, which provides the basis for division of labor between embassies and MFA. A clear division of labor between embassies and MFA has been developed, and is being applied taking into account the capacities of different country teams. In brief, embassies are monitoring and supervising the implementation of the country strategy, projects and programmes at the country level.
and strengthen Finland’s impact in the field.

**Retaining a stable cadre of skilled development staff**

**Recommendation 9**

To retain and strengthen a stable cadre of skilled development staff, the Ministry for Foreign Affairs should:

- Take steps to ensure that maximum use is made of diplomatic staff with development experience when deploying staff both at headquarters and to the field. The MFA should also give attention to professional opportunities for special career and locally employed staff. Develop training plans for all staff and ensure plans are implemented.

To retain skilled development staff, the Committee on Special Career gave recommendations to enhance career opportunities of non-diplomatic staff. Based on these recommendations, advisor contracts were converted into posts for special career staff. Other recommendations include development of remuneration of advisors in embassies and renewed staff training programme including peer networks.

However, attracting skilled staff to development cooperation vacancies (including at field level) remains a challenge. Steps have been taken in order to deploy diplomatic staff with development cooperation experience to the Embassies e.g. as Heads of Cooperation.

Furthermore, in order to widen experience and to acquire skills necessary to carry out demanding development cooperation tasks among junior diplomatic staff the Ministry has placed junior diplomats, whenever it has been feasible, to the Embassies in charge of development cooperation.

**Improving the impact of development cooperation**

**Building on past progress to make aid more predictable and strengthen local capacity**

**Recommendation 10**

To continue to make Finland’s financial planning for development cooperation covers five years ahead. Through annual decisions on so called contract and budget authorities, Finland is able to make commitments that exceed the 3-year limit...
its aid more effective, Finland should:

Make multi-annual commitments whenever possible and share information on these and on medium-term financial planning with partner countries and multilateral partners. Use the new country strategy papers to increase support to partner countries’ priorities by funding or implementing directly activities that are part of the partner country development strategy.

of budget appropriations. Information on short and long term financing decisions is accessible through published financing decisions and country and regional strategies. Government aid budget cuts in recent years have negatively affected this predictability and transparency. Access to sector and country specific information on all financing decisions has been introduced through the website where the information is updated on a daily basis: http://formin.finland.fi/public/default.aspx?nodeid=48023&contentlan=2&culture=en-US.

Provision of funding information to national aid management platforms assists partner countries to monitor alignment of donor country development cooperation, see for example: http://amis.mof.gov.np.

Country strategies are based on country consultations and use national development plans and strategies as guiding documents for setting objectives and selecting sectors of cooperation. High-level objectives (impacts and outcomes) of the country strategy are either directly drawn or derived from national or sectoral plans and strategies. Sector budget support, programme-based approaches and other coordinated arrangements applying country systems remain priority instruments in bilateral co-operation. In most of Finland’s partner countries, Finland has signed up to mutual accountability frameworks and country-led results frameworks that usually assess also the performance of the cooperating partners based on commonly agreed criteria for aid effectiveness. At the country level, Finland is committed to minimizing the use of additional frameworks, introducing parallel performance indicators, monitoring and reporting through these joint arrangements.

In principle. Finland recognises the importance of core funding to the key UN agencies but, due to sudden and significant budget cuts to multilateral core funding (63% to UN from 2015 to 2016), the funding balance has shifted more to ear-marked funding to the agencies allocated according to priorities in country programmes. At the same time, the fragmentation of global multilateral funding has been reduced as projects have come to an end, and the focus is increasingly on core contributions. Multi-year pledges of core contributions are possible but, due to significant budget cuts, they are currently not regarded as a preferred option.

Regarding climate related funding, Finland has always made multi-annual commitments to bigger funds, such as Global Environment Facility.

Finland makes multiannual financing commitments to the concessional lending arms of the MDBs (IDA, AfDF, ADB, IFAD). These are paid in multiple annual tranches, typically in 8-10 years. In the case of long-term partnership Trust Fund programs administered by MDBs Finland also usually makes multi-year commitments and agreements.

Finland has strived to make multiannual commitments to multilateral Aid for Trade agencies, when budgetary situation allows. For example Finland pledged a five-year and 10 million euro support in December 2015 to the Enhanced Integrated Framework for trade related technical assistance to
<table>
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<tr>
<th>Least Developed Countries</th>
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<tr>
<td><strong>Working more closely with private sector without increasing tied aid</strong></td>
</tr>
<tr>
<td><strong>Recommendation 11</strong></td>
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<tr>
<td><strong>To promote the private sector in developing countries while accelerating its efforts to untie aid, Finland should:</strong></td>
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<tr>
<td>Review existing instruments and look for new demand-driven, locally owned and untied instruments to contribute to an enabling environment for the private sector in developing countries. Take the steps necessary to reverse the decline in the share of Finnish aid that is untied (93% in 2008).</td>
</tr>
<tr>
<td>Finland has taken various steps to implement this recommendation. Support is increasingly channeled directly to the private sector in developing countries. Finnfund provides equity, loans and guarantees directly to private sector projects in developing countries and also invests in SME development through developing country based investment funds. The funds on-lend or invest resources into smaller projects, which would have too high transaction costs for Finnfund to invest in directly. Finland also has an increasing number of bilateral programmes with challenge funds for the private sector in developing countries (e.g. EEP Southern Africa, IPP2 in Vietnam and TANZICT in Tanzania). Tied instruments like the Finnpartnership business partnership programme and the BEAM innovation partnership programme are also devoting more resources to working directly with private sector entities and support institutions in developing countries. In addition, a decision was taken in 2012 to phase out the tied concessional credit programme and the project preparation pipeline was closed. The final project received an investment decision in March 2015. The new development policy programme (GRP2016) introduced a new instrument to replace the old concessional credit programme, namely the Public Sector Investment Facility (PIF). Under this instrument, a 25% share of Finnish products or services is required of the interventions.</td>
</tr>
<tr>
<td>Finlands support to multilateral Aid for Trade agencies is untied aid.</td>
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<tr>
<td><strong>Towards better humanitarian donorship</strong></td>
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<tr>
<td><strong>Developing a more focused and realistic humanitarian vision</strong></td>
</tr>
<tr>
<td><strong>Recommendation 12</strong></td>
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<tr>
<td><strong>To provide a clear strategic vision, demonstrate</strong></td>
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| Finland prepared a new Humanitarian Policy in 2012 with clear and measurable objectives. In addition, Finland launched a Guideline on humanitarian funding in 2012. The Guidelines was updated in 2015, based on the lessons learnt and experiences gained. These guidelines have been widely disseminated and the NGO community was actively engaged in the
| **application of funding principles and provide the basis for stronger engagement with development colleagues and partners, Finland should:** |
| Finalise, disseminate and implement the new humanitarian assistance guidelines, focusing on a limited number of objectives in areas where Finland can make a solid impact, outlining clear and principled funding criteria, and setting out expected, and measurable, results. |

**Recommendation 13**

*To ensure that the humanitarian system is fit for purpose, Finland should:*

Raise the level of delegated authority for rapid response funding decisions, based on clear criteria; Resolve constraints related to the slow disbursement of emergency funds.

In connection with Flash Appeals for large and unexpected crises, the Ministry is prepared for rapid decisions and an effective mobilization of funding. In such a situation, the Director of the Unit for Humanitarian Assistance and Policy takes decisions concerning urgent discretionary government transfers in accordance with section 90 (24.6.2014/513) of the Foreign Ministry’s rules of procedure after having consulted the Minister. The decision is made, as far as possible, within three days of the date of receipt of the preliminary emergency proposal. In a very urgent case, a pledge can be made in a matter of hours. In decisions made on the basis of a preliminary proposal, the organization is requested to specify the funds’ use and submit an amended funding proposal within four weeks of the preliminary emergency proposal.
### Annexes

#### ANNEX 1

#### List of abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>ADF14</td>
<td>African Development Fund’s 14th replenishment</td>
</tr>
<tr>
<td>BEAM</td>
<td>Business with Impact</td>
</tr>
<tr>
<td>CERF</td>
<td>United Nations Central Emergency Response Fund</td>
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<td>CONUN</td>
<td>United Nations Working Party</td>
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<td>CSO</td>
<td>Civil Society Organization</td>
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<td>DAC</td>
<td>Development Assistance Committee</td>
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<tr>
<td>DPP</td>
<td>Development Policy Programme</td>
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<tr>
<td>DRR</td>
<td>Disaster Risk Reduction</td>
</tr>
<tr>
<td>EB</td>
<td>Executive Board</td>
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<tr>
<td>ECHO</td>
<td>Directorate-General for European Civil Protection and Humanitarian Aid Operations</td>
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<tr>
<td>ECOWAS</td>
<td>Economic Community of West African States</td>
</tr>
<tr>
<td>ECPDM</td>
<td>European Centre for Development Policy Management</td>
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<tr>
<td>EFDRR</td>
<td>European Forum for Disaster Risk Reduction</td>
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<tr>
<td>EU</td>
<td>European Union</td>
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<tr>
<td>FAO</td>
<td>United Nations Food and Agriculture Organization</td>
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<td>FEWSNET</td>
<td>Famine Early Warning System Network of the United States Agency for International Development</td>
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<tr>
<td>GHD</td>
<td>Good Humanitarian Donorship</td>
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<tr>
<td>GNI</td>
<td>Gross National Income</td>
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<tr>
<td>GPEDC</td>
<td>Global Partnership for Effective Development Co-operation</td>
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<tr>
<td>HEI-ICI</td>
<td>Higher Education Institutions Institutional Cooperation Instrument</td>
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<tr>
<td>HRBA</td>
<td>Human Rights Based Approach</td>
</tr>
<tr>
<td>HQ</td>
<td>Headquarter</td>
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<tr>
<td>IASC</td>
<td>Inter-Agency Standing Committee</td>
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<tr>
<td>ICRC</td>
<td>International Committee of the Red Cross</td>
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<tr>
<td>ICT</td>
<td>Information and Communications Technology</td>
</tr>
<tr>
<td>IDA18</td>
<td>International Development Association’s 18th replenishment</td>
</tr>
<tr>
<td>IDP</td>
<td>Internally Displaced Person</td>
</tr>
<tr>
<td>IFRC</td>
<td>International Federation of Red Cross and Red Crescent Societies</td>
</tr>
<tr>
<td>IHL</td>
<td>International Humanitarian Law</td>
</tr>
<tr>
<td>INEE</td>
<td>Inter-Agency Network for Education in Emergencies</td>
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<tr>
<td>INGO</td>
<td>International Non-Governmental Organization</td>
</tr>
<tr>
<td>IOCE</td>
<td>International Organization for Cooperation in Evaluation</td>
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<tr>
<td>ISDR</td>
<td>International Strategy for Disaster Reduction</td>
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<tr>
<td>LDC</td>
<td>Least Developed Country</td>
</tr>
<tr>
<td>MCDMA</td>
<td>Multi-Criteria Decision Analysis</td>
</tr>
<tr>
<td>MDB</td>
<td>Multilateral Development Bank</td>
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<tr>
<td>MFA</td>
<td>Ministry for Foreign Affairs</td>
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<tr>
<td>MOPAN</td>
<td>Multilateral Organization Performance Assessment Network</td>
</tr>
<tr>
<td>NAP</td>
<td>National Action Plan</td>
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<tr>
<td>NGO</td>
<td>Non-Governmental Organization</td>
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<tr>
<td>NDP</td>
<td>National Development Plan</td>
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<tr>
<td>Acronym</td>
<td>Full Form</td>
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<tr>
<td>OCHA</td>
<td>United Nations Office for the Coordination of Humanitarian Affairs</td>
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<tr>
<td>ODA</td>
<td>Official Development Assistance</td>
</tr>
<tr>
<td>ODSG</td>
<td>OCHA Donor Support Group</td>
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<tr>
<td>OECD</td>
<td>Organization for Economic Cooperation and Development</td>
</tr>
<tr>
<td>PCD</td>
<td>Policy Coherence for Development</td>
</tr>
<tr>
<td>QAG</td>
<td>Quality Assurance Group</td>
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<tr>
<td>RBM</td>
<td>Results Based Management</td>
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<tr>
<td>SDGs</td>
<td>Sustainable Development Goals</td>
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<tr>
<td>SRP</td>
<td>Strategic Response Plan</td>
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<tr>
<td>UN</td>
<td>United Nations</td>
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<tr>
<td>UN GA</td>
<td>General Assembly of the United Nations</td>
</tr>
<tr>
<td>UN WOMEN</td>
<td>United Nations Entity for Gender Equality and the Empowerment of Women</td>
</tr>
<tr>
<td>UNDAC</td>
<td>United Nations Disaster Assessment and Coordination</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
</tr>
<tr>
<td>UNFPA</td>
<td>United Nation Population Fund</td>
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<tr>
<td>UNHCR</td>
<td>United Nations High Commissioner for Refugees</td>
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<tr>
<td>UNICEF</td>
<td>United Nations Children’s Fund</td>
</tr>
<tr>
<td>UNISDR</td>
<td>United Nations Office for Disaster Risk Reduction</td>
</tr>
<tr>
<td>UNRWA</td>
<td>United Nations Relief and Works Agency</td>
</tr>
<tr>
<td>WFP</td>
<td>United Nations World Food Programme</td>
</tr>
<tr>
<td>WHO</td>
<td>World Health Organization</td>
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<tr>
<td>WHS</td>
<td>World Humanitarian Summit</td>
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<td>WPS</td>
<td>Women, Peace and Security</td>
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</tbody>
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ANNEX 2

Organizational chart
ANNEX 3

Key messages for communicating about development cooperation

Development cooperation provides millions of people with a chance for a better life.

1. Finland does its share to reduce poverty.
   - Development cooperation is effective.
   - Finland has the capacity and possibility to help.
   - Development cooperation enhances Finland’s international influence.

2. A stable, equal and safe world is in the interest of Finland.
   - Development cooperation creates connections, markets and employment.
   - It is cheaper to prevent crises than to manage them.
   - Development cooperation contributes to the Finns’ competence, too.

3. The responsibility for change lies with the partner countries. Finland supports their development.
   - Finland acts as a member of the donor community.
   - Development cooperation is only one instrument in effecting change.
   - Change takes place when people are able to improve their wellbeing and demand their rights.

http://formin.finland.fi/developmentpolicy
ANNEX 4

Agenda 2030 materials