

Evaluation

Finland's Development Cooperation in Central Asia and South Caucasus



Evaluation report 2009:1

MINISTRY FOR FOREIGN AFFAIRS OF FINLAND

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The report does not necessarily reflect the views of
the Ministry for Foreign Affairs of Finland.





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PREFACE

Finland's development cooperation with the Central Asia, South Caucasus and Eastern Europe dates back to the mid-90s. The evaluation at hand is the first comprehensive assessment of this cooperation. The evaluation was timely, at the junctures of planning the new cooperation programme in the region. The evaluation was carried out by an evaluation team of the Joint Center of the Central Asia – Caucasus Institute and Silk Road Studies.

The evaluation showed that during the last decade or so the Finnish development cooperation in the Central Asia and South Caucasus region has followed very well the development policy outlines of Finland. Moreover, the cooperation programme has implemented well the cross-cutting themes, which are important in the Finnish development policy.

The bulk of Finnish development interventions have been implemented in cooperation with international organizations. One of the major conclusions of the evaluation is that Finland should reconsider cooperation modalities in terms of raising the level of bilateral cooperation programmes more in the forefront, because the bilateral cooperation could be much more efficient.

Nearly concomitant to the evaluation, the Wider Europe Initiative by the Ministry was launched. This initiative entails most countries in the region. Yet, the evaluation stresses that deeper development cooperation ties could be developed with a number of countries, not all, in the region, with acute needs. By doing so the Finnish value added would become much more discernible and valuable. The evaluation urges Finland to take a more proactive role to refine the cooperation concept into "cooperation entrepreneurship". – Also in many other respects the evaluation report offers frank and straight forward views and opinions expressed by experts specialised to the affairs and development of Central Asia and South Caucasus.

Helsinki 12 March 2009

Aira Päivöke
Director of Evaluation of Development Cooperation
Office of the Under-Secretary of State



ACRONYMS

ADB	Asian Development Bank
CACI	Central Asia Caucasus Institute and Silk Road Studies Programme Joint Centre
CARICC	Central Asia Regional Information and Cooperation Center
EBRD	European Bank for Reconstruction and Development
EU	European Union
FILHA	Finnish Lung Health Association
GFSIS	Georgian Foundation for Strategic and International Studies
GDP	Gross Domestic Product
ICI	Institutional Cooperation Instrument
IKI	Institutionaalisen kehitysyhteistyön instrumentti
ILO	International Labour Organisation
IOM	International Organisation for Migration
IT	Information technology
IWPR	Institute for War and Peace Reporting
LCF	Local Cooperation Fund
MFA	Ministry for Foreign Affairs
NATO	North Atlantic Treaty Organization
NGO	Non-governmental Organization
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OSCE	Organization for Security and Cooperation in Europe
SAEPF	State Agency on Environment and Forestry of the Kyrgyz Republic
SIDA	Swedish International Development Agency
SYKE	Suomen Ympäristökeskus (Finnish Environment Institute)
UM	Ulkoasiainministeriö/Utrikesministeriet
UN	United Nations
UNDP	United Nations Development Programme
UNECE	United Nations Economic Commission for Europe
UNEP	United Nations Environment Programme
UNFPA	United Nations Populations Fund
UNODC	United Nations Office on Drugs and Crime
UNIFEM	United Nations Development Fund for Women
UNSC	United Nations Security Council
USAID	United States Agency for International Development
WHO	World Health Organization
WEI	Wider Europe Initiative



Suomen kehitysyhteistyö Keski-Aasiassa ja Etelä-Kaukasuksella

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Nicklas Norling, Talatbek Koichumanov ja Vladimer Papava*

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TIIVISTELMÄ¹⁾

Suomi on tehnyt kehitysyhteistyötä Keski-Aasian, Etelä-Kaukasuksen ja Itä-Euroopan kanssa 1990-luvun puolivälistä lähtien. Tämä evaluaatio on ensimmäinen kattava selvitys avun tuloksellisuudesta ja siitä onko Suomen toiminta ollut linjassa sen omien ja kehitysavun kumppanimaiden prioriteettien kanssa. Evaluaation tarkoituksena oli myös arvioida ja ohjata uusia linjauksia siten, että ne paremmin toteuttaisivat myös Suomen ulkopoliittisia ja kehityspoliittisia tavoitteita ja etuja. Evaluaatio perustuu julkaistun kirjallisuuden ja raporttien tarkasteluun, ulkoasiainministeriön arkistoon talletetun materiaalin tutkimiseen ja laajamittaisiin haastatteluihin kentällä.

Tärkeimmät johtopäätökset ovat:

- Ulkoasiainministeriön kehitysyhteistyö noudattaa tarkasti Suomen kehityspoliittikkaa ja sen teemoja (läpileikkaavia teemoja) ja yhteistyö on kehittynyt niiden mukaisesti.
- Uuden ”Laajempi Eurooppa” -aloitteen määrittelemällä alueella Suomen tulisi huomioida erikoisesti Tadžikistan, Kirgisia, ja Georgia, ja vahvistaa mukanaoloaan Uzbekistanissa.
- Suomen toimialat alueella vastaavat suurinpiirtein paikallisia prioriteettejä. Julkisen hallinnon reformit ja hyvä hallinto on tähän mennessä paljolti laiminlyöty.
- Tutkituista hankkeista löytyy useita esimerkkejä suomalaisesta lisäarvosta. Parhaat lisäarvoa tuottaneet hankkeet ovat olleet kahdenvälistä toimintaa.
- Suomen potentiaalinen lisäarvo on suorassa suhteessa siihen henkilöresurssimäärään, joka yhteistyöhön ollaan halukkaita investoimaan. Suositeltava menettelytapa on se, että ulkoasiainministeriö toimisi vähemmän passiivisena rahoittajana ja omaksuisi sen sijaan roolin ”kehitysyrittäjänä”. Ministeriön tulisi kes-

¹⁾ Edited by MFA / Development Evaluation

kittyä identifioimaan ja määrittämään hankkeita, jotka innostaisivat mukaan muita kehityskumppanneita. Tämä vaatii ulkoasiainministeriön kehitysyhteistyössä henkilöresurssien laajentamista merkittävästi yli viidellä prosentilla – määrä jota Suomen 2007 kehityspolitiikka nyt ehdottaa.

Avainsanat: Keski-Aasia, Etelä-Kaukasus, evaluaatio, kehitysyhteistyö

Finlands Utvecklingssamarbete med Centralasien och Syd-Kaukasien

S Frederick Starr, Svante Cornell och Marja Oksajärvi Snyder med bidrag från Nicklas Norling, Talaibek Koichumanov och Vladimer Papava

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ABSTRAKT

Finlands utvecklingssamarbete i Centralasien, Kaukasien och Östeuropa sträcker sig till mitten på 1990-talet. Detta är den första genomgripande utvärderingen av detta bistånd. Syftet är att avgöra huruvida Finlands bistånd har bedrivits effektivt och om dess aktiviteter i regionen är i linje med både Finlands egna och mottagarländernas uppsatta mål. På grundval av dessa resultat avser denna utvärdering underlätta framtida vägval för att bättre kunna möta Finlands utrikespolitiska mål och intressen. Denna utvärdering grundar sig på en genomgång av publicerad litteratur och rapporter, analys av utrikesministeriets arkiverade dokument, samt omfattande fältintervjuer.

De huvudsakliga slutsatserna är att:

- Utrikesministeriets utvecklingssamarbete i regionen är i linje med de mål och teman specificerade i Finlands biståndspolitik och har utvecklats i fas med dem.
- Inom den omfattande geografiska region som Initiativet för ett "Utvidgat Europa" ("Wider Europe Initiative") inbegriper bör Finland ge särskilt vikt till Tadjikistan, Kirgizistan, och Georgien, samt expandera sin närvaro i Uzbekistan.
- Finlands aktivitetsområden överrenstämmer i regel med lokala mål, men engagemanget inom offentlig sektor och god samhällsstyrning lyser hitintills med sin frånvaro.
- Flera exempel av finskt "mervärde" kan påvisas i utvärderade projekt. Dessa tenderar dock uteslutande att vara i bilaterala projekt.
- Finlands "mervärde" är i överlag direkt proportionerligt till de personalresurser som åsidosätts för detta ändamål. Den övergripande strategiska förändringen som denna rapport rekommenderar är således att utrikesministeriet bör anamma en roll som "utvecklingsentreprenör" snarare än passiv biståndsgivare. Finland bör särskilt fokusera energi och resurser på att identifiera, definiera, och underlätta projekt i vilka andra biståndsgivare senare kan komma att involveras. Denna



strategi kräver en administrativ expansion långt bortom de fem procent specificerade i Finlands utvecklingsplan från 2007.

Nyckelord: Centralasien, Syd-Kaukasien, Utvärdering, Utvecklingssamarbete

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*S Frederick Starr, Svante Cornell and Marja Oksajärvi Snyder with contributions from
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ABSTRACT

Finland's development cooperation with Central Asia, South Caucasus, and Eastern Europe dates to the mid-1990s. This evaluation, the first comprehensive review of the effectiveness of this aid, determines also whether it is in line with Finland's priorities and those of recipient countries. Not an end in itself, this enquiry is intended to inform future initiatives so they might better advance Finland's foreign policy goals and interests. The evaluation is based on a review of published literature and reports, an examination of Ministry of Foreign Affairs (MFA) archival holdings, and extensive field interviews.

The main conclusions are that:

- MFA work in the sphere of development cooperation adheres to Finland's development policies and themes ("cross-cutting issues") and has evolved with them.
- Within the broad new region defined by the Wider European Initiative (WEI) Finland should devote special attention to Tajikistan, Kyrgyzstan, and Georgia, and expand its presence in Uzbekistan.
- Finland's areas of activity are broadly in line with local priorities but the area of public administration reform and good governance has so far suffered from neglect.
- There are numerous examples of Finnish "value added" in the projects reviewed. The best among these have been carried out in the bilateral mode.
- Finland's potential "value added" is directly proportional to the amount of human resources it is willing to invest in the endeavor. The fundamental approach recommended is that the MFA be less a passive funder and instead recognize and embrace the role of "development entrepreneur." As such, it should focus greater effort on the task of identifying and defining projects in which other development partners might then become involved. This requires expanding



the MFA 's development staff far beyond the five percent stipulated in Finland's 2007 development policy.

Keywords: Central Asia, South Caucasus, Evaluation, Development Cooperation

YHTEENVETO²⁾

Tämä on ensimmäinen kattava katselmus Suomen kehitysyhteistyöstä Keski-Aasiassa, Etelä-Kaukasuksessa ja Itä-Eurooppaassa, Suomen käynnistettyä toimintansa alueilla 1990-luvun puolivälissä. Evaluaatio määrittää ovatko Suomen toiminnot olleet linjassa sekä sen omien että yhteistyökumppanimaiden prioriteettien kanssa, arvioi menneiden hankkeiden tuloksellisuutta ja suuntauksia tulevalle työlle. Evaluoinnin kohdealueilla tapahtuneet nopeat muutokset samoin kuin ajoittaiset Suomen kehityspolitiikan tarkennukset tekevät tämän arvionnin varsin ajankohtaiseksi. Vuoteen 2013 mennessä Suomen ulkoasiainministeriön vuotuiset kehitysyhteistyövarat Keski-Aasialle, Etelä-Kaukasukselle ja Itä-Euroopalle lähes kaksinkertaistuvat nousten nykyisestä 8.9 miljoonasta 16 miljoonaan euroon.

Ohjatakseen Suomea vastaisuudessa eri vaihtoehtojen välillä, tämä arviointi keskittyy kuuteen kysymykseen: 1) Mitkä toimintamuodot ovat tehokkaimmat Suomen päämäärien saavuttamiseksi? 2) Mitkä maat tällä laajalla kohdealueella pitäisi vastaisuudessa asettaa kehitysaputoiminnassa etusijalle? 3) Mitkä toimialat parhaiten vastaavat paikallisten määrittelemiä tarpeita ja samalla Suomen tavoitteita? 4) Tulevatko Suomen kehityspoliittisen ohjelman läpileikkaavat teemat esiin hankevalinnoissa? 5) Miten Suomi voi parhaiten saavuttaa ohjelmissaan lisäarvoa? 6) Ja viimeiseksi, mitä strategisia muutoksia tarvitaan, jotta Suomen kehitysyhteistyön tuloksellisuus ja vaikuttavuus voitaisiin maksimoida?

Tärkeimmät havainnot ja johtopäätökset

- Tämä arviointi toteaa kahdenvälisen yhteistyömuotojen olevan merkittävästi monenvälistä toimintaa tehokkaampia. Vaikka vastakkaisiakin esimerkkejä löytyy, paikalliset kumppanit viittaavat yksimielisesti ongelmiin, joita syntyy kun hankekumppanien lukumäärä lisääntyy. Eri puolilla Keski-Aasiaa paikallisia kansallisjärjestöjä pidetään korruptoituneina ja oppositionaalisina, kun taas koko Etelä-Kaukasuksen alueella niiden toiminta on osoittautunut hyödylliseksi.
- Vaikka ”Laaja Eurooppa” -aloitteen (Wider Europe Initiative, WEI) mandaatti kehottaa yhteistyöhön useimpien alueen maiden kanssa, Suomen keskittymisen vastaisuudessa Tadžikistaniin, Kirgisiaan ja Georgiaan vastaisi niiden akuutteja tarpeita ja maksimoisi suomalaista lisäarvoa. Nykyinen tendenssi siirtyä koko aluetta kattaviin ohjelmiin tuottanee odotettua huonompia tuloksia, sillä alueelliset kysymykset käsitellään parhaiten kahdenvälisen yhteyksien pohjalta.
- Kaikenkaikkiaan evaluaation tutkima monipuolinen aineisto osoittaa kehitysyhteistyön noudattaneen ja ottaneen huomioon kyseisellä alueella Suomen kehityspolitiikan läpileikkaavia teemoja.

²⁾ Edited by MFA / Development Evaluation

- Suomalaiset hankkeet ympäristön, muuttoliikkeen, rajavalvonnan, sukupuolten välisen tasa-arvon, ja rauhanprosessien alueilla ovat osoittautuneet ylimalkaan hyödyllisiksi. Ne pitäisi kuitenkin muokata tiukemmin vastaamaan paikallisia tarpeita. Hyvä hallinto ja julkishallinto kaipaavat merkittävästi enemmän huomiota kuin tähän saakka.
- Monenvälisiä hankkeita enemmän, kahdenväliset aloitteet tuottavat Suomelle lisäarvoa ja samalla paljon laajempaa yleistä tunnustusta Suomen panokselle.
- Ulkoasiainministeriön pienilukuinen kehitysyhteistyöhenkilöstö, joka on vastuussa Suomen kehityspolitiikan toteuttamisesta evaluaation kattamalla alueella, ansaitsee kunniamaininnan sen onnistuneesta toimeenpanosta. Kuitenkin runsaampi, alaan-keskittynyt ja pro-aktiivinen henkilöstö voisi toimia tehokkaammin ja edesauttaa paremmin Suomen tavoitteiden ja intressien toteuttamista.

Suosituksat

Toimintamuodot

1. Bilateraalisten hankkeitten tulee muodostaa keskeisin osa Suomen kehitysyhteistyöstä kyseisillä alueilla, mikä antaa paremman mahdollisuuden yhteistyökumppaneiden väliseen kanssakäymiseen, helpottaa hankkeitten valvomista, ja hyödyntää suomalaista osaamista.
2. Yhteistyö suurten, monenvälisten kehityskumppanien kanssa on sekä välttämättömä että toivottavaa kun ottaa huomioon Suomen koon ja sen kansainväliset sitoumukset. Monenväliset järjestöt ovat kuitenkin aiheuttaneet paikallisten piirissä skeptismiä. Järjestöjen varojenkäyttöä pidetään tuhlaavana, eivätkä ne ota riittävästi huomioon paikallisia prioriteettia. Se että monenvälisesti kanavoitu suomalainen apu tulee tehokkaasti ja oikein käytettyä, vaatii tarkempaa hanke-ehdotusten analysointia ja tiukempia neuvotteluita, jotta Suomen ääni tulee kuulluksi jo suunnitteluvaiheessa. Tarvitaan myös tarkempaa hankkeiden toteutuksen valvontaa. Suositellaan, että suomalainen asiantuntija on mukana, ellei kaikissa, niin ainakin useimmissa ulkoasiainministeriön rahoittamissa hankkeissa, jotta säännöllinen yhteydenpitoväylä hankkeen toimeenpanijoihin pysyy avoimena.
3. Suomi voisi siirtää onnistuneiden hankkeiden hyviä käytäntöjä yhdestä alueesta toiseen.
4. Ennenkuin Suomi lupautuu rahoittamaan hankkeita on alunalkaenkin varmistuttava siitä, ettei odotetun hyödyn ja tuloksen saamista ole lykätty johonkin vielä rahoittamattomaan, myöhempään vaiheeseen, tai että rahoitetut hankkeet eivät tuottaisi tulosta ennenkuin joku kalliimpi, usein vielä rahoittamaton ”ilmapallo” vaihe (”balloon” phase), on viety loppuun.
5. Ulkoasiainministeriön uusi instituutioiden välisen kehitysyhteistyön instrumentti (IKI, englanniksi ICI, Interinstitutional Cooperation Instrument) on kahdenvälisen kehitysyhteistyön kannalta lupaava, koska se tukee suomalaisten ja kumppanimaiden laitosten välistä yhteistoimintaa.

6. Kehitysyhteistyö, joka auttaa sekä kansainvälisiä että suomalaisia kansalaisjärjestöjä toimimaan kumppaneina vastaavien paikallisten järjestöjen kanssa, edistää Suomen pyrkimystä kannustaa yhteiskunnallista valveutumista ja vapaaehtoista toimintaa. Koko alueella, etenkin Keski-Aasiassa, sekä ulkomaalaiset että paikalliset oppineet ja viranomaiset katsovat paikallisten kansalaisjärjestöjen olevan huonosti harmonisoituja kansallisiin prioriteetteihin, ja pitävät järjestöjä politisoituneina ja korruptoituneina. Itsenäisiä kumppaneita valittaessa Suomen tulisi pitää tämä mielessä. Kun kansalaisjärjestökumppanit on valittu, ulkoasiainministeriön tulee vaatia niiltä selkeätä ja avointa asioiden hoitoa, hallintoa ja tilivelvollisuutta.
7. Useimmissa Keski-Aasian maissa vihamielisyys uskonnollisia, ulkomaalaisia kansalaisjärjestöjä kohtaan on nousussa. Uskonnolliset suomalaiset kansalaisjärjestöt noudattavat tiukasti käännättämistä kieltäviä lakeja, mutta siitä huolimatta niiden toivoisi etsivän uusia yhdistys- ja toimintamalleja, jotka soveltuvat vallitseviin tosiasioihin.
8. Jotkut monenväliset järjestöt näyttävät syrjivän paikallisia virkailijoita palkaten tehtäviin henkilöstöä omasta piiristään tai kalliita konsultteja. Kaikissa kehitysyhteistyöhankkeissaan Suomen tulisi aktiivisemmin korostaa paikallista osallistumista ja siihen tarvittavaa koulutusta, mikä puolestaan myötävaikuttaa kapasiteetin kasvuun kautta alueen kehitykseen.

Maantieteellinen fokus

9. ”Laajempi Eurooppa” aloitteessa on tiedostettu aiempien kehitysyhteistyöyhteistyöaloitteiden heikkouksia Valko-Venäjällä, Moldovassa, Ukrainassa ja Etelä-Kaukasuksessa. Aloite tukee kuitenkin kehitysyhteistyön lisäämistä mainituissa maissa. Vaikka kehitysyhteistyövarat alueelle kaksinkertaistuvatkin, on Suomen kuitenkin mahdotonta olla tehokkaasti mukana kaikissa näissä maissa viiden Keski-Aasian maan lisäksi. Evaluaatio toteaaakin, että Suomen kehitysyhteistyön hyödyt tulevat maksimoituksi jos pitkäjänteiset ponnistukset keskitetään Keski-Aasiaan, missä tarve on akuutein ja missä mahdollisuudet suomalaisen lisäarvon tuottamiselle ovat suurimmat. Erityisesti kysymykseen tulevat Kirgisia, Tadžikistan, ja myös Uzbekistan. Turkmenistanissa tulisi seurata lyhyen tai keskipituisen, muttei pitkän aikavälin, toiminnan mahdollisuuksia. Etelä-Kaukasuksella lupaavimpia aloitteita löytyy Georgiasta – varsinkin ympäristöön ja veteen liittyviltä sektoreilta. Itä-Euroopan hankkeissa olisi oltava mukana pääasiassa monenvälisen toiminnan kautta, milloin hyviä osallistumiskohteita esitetään.
10. Kansainvälisten avunantajajärjestöjen Uzbekistanissa kokemien merkittävien vaikeuksien ei pitäisi lannistaa Suomea. Tehokas koordinointi suomalaisen kehitysyhteistyöhallinnon ja Uzbekistanin valtionhallinnon välillä on mahdollista ja tulee avaamaan uusia mahdollisuuksia vastaisuudessa.
11. Se, että Suomi on sitoutunut kehitysyhteistyöhön Afganistanissa, luo synergiamahdollisuuksia, joita voidaan menestyksellisesti hyödyntää, jos ulkoasiainministeriön Afganistanista ja Keski-Aasiasta vastaavien yksiköiden kehitysyhteistyötä hoitavat vastuuvirkamiehet vaihtavat keskenään säännöllisesti tilannetietoa.

Toiminta- alat

12. Positiivisia ja kestäviä tuloksia saavutetaan kun kehitysyhteistyö stimuloi suoraan tuottavaa sektoria. Suomen tulisi ajaa tätä tavoitetta tukemalla paikallisia Sijoitusneuvostoja (Investment Councils) ja muita ryhmiä, jotka pyrkivät läheisempään yhteyteen suomalaisten vastaavien tahojen kanssa. Sen pitäisi myös kannustaa Finprota ja Finnfundia pyrkimään läheisempiin suhteisiin alueeseen toimijoiden kanssa. Suomen tulisi samoin hyödyntää mainettaan erinomaisena pankkireformin tukijana.
13. Hyvä hallinto on suunnattoman tärkeä asia jok'ikiselle alueen maista. Suomen pitäisi ottaa se vakavaksi prioriteetikseen ja edistää sellaisia ohjelmia, jotka parantavat julkishallintoa. Tällä sektorilla toimintamekanismeista lupaavin lienee yllämainittu instituutioiden välisen kehitysyhteistyön instrumentti (IKI, ICI).
14. Evaluaatio suosittelee, että Suomi keskittää sukupuolten tasa-arvoa edistäviä ohjelmia Keski-Aasiassa kohdentuen sellaisiin, etenkin maaseutualueella lisääntyviin, perheisiin, joissa nainen on perheenpää. Välittömän humanitaarisen avun lisäksi nämä naisjohtoiset taloudet tarvitsevat helposti saatavaa luottoa, pääsyä kouluihin, terveydenhoitoa ja koulutusta moninaisissa asioissa kuten hygieniassa, peruskirjanpidossa, ja yritysten perustamisessa. Samoin tukemisen arvoisia ovat parhaillaan nousevat alueen naisten ryhmät, jotka innokkaasti yrittävät parantaa ja laajentaa vuosien kuluessa saavutettua naisten asemaa, jota uskonnollinen fundamentalismi ja sen valtiolliset kannattajat uhkaavat. Sukupuolten tasa-arvo (Keski-Aasiassa) on riippuvainen sekulaarisesta valtiosta, jota vastaan alueella nyt hyökätään.
15. Suomen kannattamat rauhanprosessit tällä alueella pitäisi keskittää Ferghana laaksoon. Tällä hetkellä laakson asukkailla ei ole kanavaa säännölliseen yhteydenpitoon sen enempää käytännön kuin humanitaaristenkaan asioiden hoitamisessa kolmessa valtiossa: Uzbekistanissa, Tadžikistanissa ja Kirgisiassa, jotka keskenään jakavat laakson. Suomen sponsoroima ”Konsultatiivinen neuvosto”, johon osallistuisivat alueen kuvernöörit, viranomaisia kolmesta pääkaupungista, ja luotettuja paikallisia kansalaisia, vastaisi tähän tarpeeseen. Tämä toiminta soveltuisi tarkalleen ”Laajempi Eurooppa” aloitteen puitteisiin. Jos se onnistuu, Suomella olisi mahdollisuus käyttää samaa instrumenttia parantamaan pitkäaikaisia konflikteja muillakin alueilla kuten Nagorno-Karabakh’issa.

Suomen lisäarvo

16. Etsittäessä sektoreita, joilla erityistä lisäarvoa on edistettävissä, ulkoasiainministeriö voisi hyödyntää alueen maissa vallitsevaa näkemystä siitä, että Suomella on erityistä asiantuntemusta ja annettavaa julkishallinnon kaikilla tasoilla, yleissivistävässä- ja opettajakoulutuksessa, ammattikoulutuksessa, tietotekniikassa, ”technoparkeissa”, metsätaloudessa, ympäristönsuojelussa ja terveydenhoidossa. Näiden alojen ohjelmia voisi korostetummin ottaa esille.
17. Evaluaatio toteaa, että suomalaisen lisäarvon määrä kussakin hankkeessa on suorassa suhteessa siihen miten paljon henkilöresursseja Suomi on ollut halukas investoimaan. Se merkitsee sitä, että vastaisuudessa suomalaisia asiantuntijoita tulisi ottaa mukaan ellei kaikkiin, niin useimpiin hankkeisiin, joita Suomi rahoittaa.

Perusmenettelytavat ja strategiat

18. Huomioon ottaen Suomen rajoitetut resurssit ja sen kehitysyhteistyölle asettamat korkeat tavoitteet ja päämäärät, ulkoasiainministeriön pitäisi omaksua rooli ”kehitysalan yrittäjänä”, eikä jäädä vain passiiviseksi rahoittajaksi. Suomen tulisi panostaa enemmän resursseja kehityshankkeiden identifiointiin, valmisteluun ja toteutukseen, ja pyrkiä saamaan mukaan myös muista kehityskumppaneita.

SAMMANFATTNING

Finlands biståndsarbete i Centralasien, Kaukasien och Östeuropa sträcker sig tillbaka till mitten på 1990-talet. Hittills har dock ingen omfattande utvärdering gjorts av detta bistånd. Huvudsyftet med denna utvärdering är att avgöra huruvida Finlands aktiviteter i regionen är i linje med både dess egna och mottagarländernas uppsatta mål, bedöma deras effektivitet, och identifiera aktivitetsområden för Finlands framtida bistånd. Denna utvärdering kommer särskilt lägligt med tanke på de många förändringar som har skett under det senaste årtiondet, både i det regionala biståndsklimatet och i Finlands utvecklingspolitik generellt. Finland avser även öka sitt engagemang i denna region. Inom de närmsta fem åren planerar utrikesministeriet att dubblera budgeten för Centralasien, Södra Kaukasien, och Östeuropa från den nuvarande summan av 8.9 miljoner till ca. 16 miljoner euro år 2013.

För att underlätta Finlands framtida vägval avser denna rapport att svara på sex frågor: 1) Vilka kanaler är mest effektiva för att uppnå Finlands biståndsmål? 2) Vilka länder inom dessa tre regioner skall prioriteras i framtida projekt? 3) Vilka aktivitetsområden möter både lokala behov och Finlands prioriteringar? 4) Har berörda projekt tagit hänsyn till de "gränsöverskridande teman" (cross-cutting themes) som stöds i Finlands biståndspolitik? 5) Hur kan Finland säkra inflytande i stödda projekt? 6) Vilka strategiska förändringar är nödvändiga för att maximera effektiviteten av Finlands biståndspengar?

Huvudsakliga Slutsatser

- Finlands bilaterala projekt är avsevärt mer effektiva än de multilaterala projekt Finland stödjer. Lokala projektledare pekar också enstämmigt på de problem som uppstår då multilaterala organisationer involveras. Vad gäller lokala icke-statliga organisationer (NGOs) så har de ett i överlag lågt renommé i Centralasien, dock tycks arbetet av vissa icke-statliga organisationer verka uppskattat och särskilt så i Södra Kaukasien.
- Finlands initiativ för ett Utvidgat Europa (WEI) ger mandat för ett bredare engagemang med fler länder i regionen. Ett finskt fokus på Tadjikistan, Kirgizistan, och Georgien överensstämmer dock bäst med denna regions akuta behovsbild. Den nuvarande expansionen till förmån för regionala projekt kan dock ses med viss tvekan då många regionala frågor, framförallt i Centralasien, bäst adresseras genom bilateralt arbete och arbete "uppåt" från dessa relationer till en regional nivå.
- Denna utvärdering stödjer slutsatsen att Finlands utvecklingssamarbete överlag har främjat de "gränsöverskridande" tema som är specificerade i utvecklingspolitiken.

- Finlands projekt inom miljö, migration, gränsfrågor, jämställdhetsfrågor, och fredsprocesser är i regel värdefulla men måste skräddarsys till lokala behov. Finland bör också fokusera avsevärt mer på den offentliga sektorn, dess förvaltning, och bidra till en kultur av professionalism.
- Finland har lyckats skapa ”mervärde” i flera projekt men dessa är i princip uteslutande bilaterala projekt. Bilaterala projekt ger också avsevärt mer profilering och uppmärksamhet till Finlands bistånd i jämförelse med multilaterala projekt.
- Den för tillfället underbemannade enhet ansvarig för Finlands bistånd till denna region bör lovprisas. Dock skulle en personalökning tillsammans med en mer entreprenörsliknande inställning bättre uppfylla Finlands mål och dess skattebetalares intressen.

Rekommendationer

Genomförandet

1. Bilaterala projekt bör utgöra kärnan i Finlands utvecklingssamarbete i regionerna i fråga. Bilateralt arbete förbättrar kommunikationen mellan samarbetspartners, ger utökade möjligheter för utvärdering av projekt, samtidigt som användning av finsk expertis underlättas.
2. Samarbete med multilaterala biståndsgivare är både oundvikliga och nödvändiga med tanke på Finlands storlek och dess andra internationella förpliktelser. Många multilaterala projekt har dock blivit kritiserade för pengaslöseri och för att åsidosätta lokala behov och prioriteringar. För att säkerställa att Finlands multilaterala bistånd används effektivt så krävs större noggrannhet i projektanalys och förhandlingar. På så sätt kan Finland öka sin närvaro i designfasen och överse projekt mer rigoröst. Denna utvärdering rekommenderar att Finland anlitar experthjälp i framtida projekt för att öppna en kommunikationskanal med den operativa nivån.
3. För att maximera effektiviteten i stödda projekt så kan Finland fördelaktigt ”transplantera” framgångsrika projekt till andra länder i regionen.
4. Innan Finland åtar sig att finansiera första fasen av större projekt så bör en djupare granskning göras. Detta avser särskilt projekt vars resultat endast framkommer i en ännu ofinansierad senare fas eller efter slutförandet av en mer kostsam och ofinansierad ”ballongfas”.
5. Utrikesministeriets nya instrument för institutionell samverkan (”Institutional Cooperation Instrument”) stödjer samarbete mellan finska institutioner och partnerskapsländer och lämpar sig därför särskilt väl för bilateralt utvecklingssamarbete.
6. Finlands stöd till civilsamhället och volontärarbete kan främjas genom skapandet av kontaktnät mellan internationella och finska icke-statliga organisationer samt deras lokala motparter. Dock måste Finland försäkra sig om att lokala icke-statliga organisationers uppsatta mål överrensstämmer med nationella mål – något som både lokala och utländska tjänstemän liksom experter i regionen ofta inte anser är

fallet. Den omfattande korruptionen i och politiseringen av många lokala icke-statliga organisationer kräver också att Finland begär transparens och ansvarsskyldighet från dessa.

7. Missionärsorganisationer möter ett hårt och ofta fientligt klimat i Centralasien. Finska partnerskapsorganisationer bör ha detta i åtanke och därmed överväga nya organisatoriska och operationella metoder som överrenstämmer med dessa regionala realiteter.
8. Vissa multilaterala organisationer tenderar att åsidosätta lokala byråkratier till förmån för dess egen personal eller kostsamma konsulter. Finland bör aktivt förespråka lokalt deltagande i alla projekt, även på multilateral nivå, och på så sätt bidra till kapacitetsbyggnad i regionen.

Geografiskt Fokus

9. Initiativet för ett Utvidgat Europa (WEI), i vilket Finland också deltar, har tidigare uppmärksammat de tillkortakommanden som uppstått i biståndsinitiativ med Vitryssland, Moldavien, Ukraina, och Södra Kaukasien men avser att öka utvecklingssamarbete med dessa länder. Det bör noteras att även med en dubblerad budget så ter det sig svårt för Finland att tillmötesgå behoven i alla dessa länder samtidigt. Denna utvärdering rekommenderar således att Finland fokuserar sitt långsiktiga engagemang i Centralasien där behoven är störst och där potentialen för Finlands "mervärde" också är högst. Mer specifikt så innebär detta att Kirgizistan, Tadzjikistan, och Uzbekistan bör prioriteras i första hand även om möjligheter för engagemang i Turkmenistan finns på kort till medellång sikt. I Södra Kaukasien så bör Finlands utvecklingssamarbete fokusera på Georgien, särskilt inom områdena miljö och vatten. Vad gäller Östeuropa så bör Finland främst fokusera på multilaterala projekt.
10. Finland bör oundvikligen ha de problem som internationella biståndsgivare upplevt i Uzbekistan i åtanke. Detta bör dock inte avskräcka Finland från engagemang i landet. Ett effektivt samarbete med den uzbekiska regeringen kräver koordinering och försiktighet.
11. Finlands utvecklingsarbete i Afghanistan kan skapa potentiella synergieffekter genom ett reguljärt och nära samarbete mellan avdelningen av Finska UM som ansvarar för utvecklingsbistånd till Afghanistan och avdelningen som ansvarar för resten av Centralasien.

Aktivitetsområden

12. Finland bör främja näringslivsfokuserat utvecklingssamarbete genom stöd till lokala investeringsråd och andra instanser som söker närmare band med sina Finska motparter. Finland bör också yrka för ett stärkt engagemang från Finfund och Finpro i regionen samtidigt som fortsatt stöd till reformer inom bankväsendet ter sig relevant med tanke på de fördelaktiga resultat som redan uppnåtts i denna sektor.
13. Effektivt, ansvarigt, och transparent ledarskap är av yttersta vikt för alla länder i regionen. Finland bör se detta som högsta prioritet och främja detta genom projekt

inom den offentliga sektorn. Finlands ovannämnda instrument för institutionell samverkan ("Institutional Cooperation Instrument") har särskild potential i detta avseende.

14. Den snabbt växande andelen ensamstående kvinnor på Centralasiens landsbygd bör vara ett fokus för Finlands jämställdhetsprojekt. Förutom akut humanitär hjälp så behöver denna befolkningsgrupp bättre tillgång till banklån, förebyggande hälsovård, och kunskaper inom grundläggande redovisning och affärsutveckling. Stöd bör också ges till de många nybildade kvinnoorganisationer som på senare tid sökt försvara sina rättigheter gentemot religiösa extremister och de politiskt förankrade element som stödjer dem. En förutsättning för jämställdhet är en sekulär stat, denna är dock utsatt för påtryckningar från de sistnämnda aktörerna i denna region.
15. Finlands engagemang i regionala fredsprocesser bör fokusera på Fergana-dalen. För tillfället finns ingen reguljär kommunikationskanal i praktiska och humanitära frågor mellan de tre länder som mellan sig delar dalen. Finland kan här bidra till skapandet av ett "konsultativt råd" bestående av regionala guvernörer, tjänstemän från de tre huvudstäderna, samt engagerade medborgare. Detta skulle också vara helt i linje med målen för initiativet för ett utvidgat Europa (WEI). Om detta projekt är lyckosamt kan Finland även använda detta instrument i andra konflikt-zoner som t.ex. Nagorno-Karabach.

Finlands "Mervärde"

16. Finlands breda kunskaper inom utbildning, lärarutbildning, administration, yrkesvägledning, IT, teknologi, skogshantering och hälsovård bör särskilt finnas i åtanke när Finland identifierar projekt med potentiellt "mervärde".
17. Finlands "mervärde" står i överlag direkt proportion till de personalresurser som åsidosatts för detta ändamål. Detta innebär att Finsk expertis bör avsättas till de flesta, om inte alla, projekt finansierade av Finskt bistånd (se också punkt 2 ovan).

Övergripande förändringar och strategi

18. Utrikesministeriet bör anamma en roll som "utvecklingsentreprenör" snarare än passiv biståndsgivare. Finland bör särskilt fokusera energi och resurser på att identifiera, definiera, och underlätta projekt i vilka andra biståndsgivare senare kan komma att involveras. Denna strategi kräver en administrativ expansion långt bortom de 5 procent specificerade i Finlands utvecklingsplan från 2007.

SUMMARY

This evaluation is the first comprehensive review of Finland's development cooperation in Central Asia, South Caucasus, and Eastern Europe since Finland launched activities there in the mid-1990s. This evaluation determines whether Finland's activities are in line with its priorities and those of recipient countries, assesses the effectiveness of past programs, and identifies possible directions for the future. Rapid changes in the regions under study and periodic adjustments made to Finland's development policy render the assessment especially timely. By 2013 the Ministry for Foreign Affairs of Finland's (MFA) annual budget for Central Asia, the South Caucasus, and Eastern Europe will nearly double, from the current 8.9 million euros to 16 million. To guide Finland in its future choices, this evaluation focuses on six questions: 1) What modes of operation are most effective in achieving Finland's goals? 2) Within the broad target region, which countries should be prioritized in future assistance programs? 3) Which spheres of activity meet locally determined needs and at the same time serve Finland's goals? 4) Are the crosscutting themes specified in Finland's development policy evident in the selection of projects? 5) How can Finland best achieve "value added" in its programs? 6) And, finally, what strategic changes are needed to maximize the effectiveness and efficiency of Finland's development cooperation?

Key Findings and Conclusions

- This evaluation finds that bilateral forms of cooperation are significantly more effective than multilateral approaches. Though counter-examples exist, local partners are unanimous in pointing to problems arising from the proliferation of project partners. Local non-governmental organizations (NGO) are viewed as corrupt and oppositional in much of Central Asia, but appear to have done useful work throughout the region, particularly in the South Caucasus.
- Acknowledging the Wider Europe Initiative (WEI) mandate to engage with a far broader group of countries in the region, a Finnish focus on Tajikistan, Kyrgyzstan, and Georgia would accord with acute needs in those countries and offer maximal Finnish "value added." However, the current tendency to shift support to region-wide programs may disappoint expectations, as many regional issues are best addressed by working up from bilateral links.
- Overall, the diverse evidence assessed by this evaluation supports the conclusion that Finland's development cooperation in the regions under study adheres to the cross-cutting themes of its development policies.
- Finnish projects dealing with the environment, migration, border management, gender, and peace processes have generally proven beneficial, but must be more rigorously defined in terms of local needs. Issues of good governance and public administration warrant far greater attention than they have received to date.

- Bilateral initiatives, in addition to presenting more notable examples of Finnish “value added” than multilateral projects, generate much broader public recognition of Finland’s contribution.
- Full credit should go to the small staff at the Finnish MFA responsible for successfully implementing Finland’s development policy in this region. Nonetheless, a more entrepreneurial approach implemented by a larger, professionally focused, and more pro-active staff would better serve Finland’s objectives and the interests of Finnish taxpayers.

Recommendations

Mode of Implementation

1. Bilateral projects should form the core of Finnish development cooperation in the regions under consideration. Such engagement allows for superior communication between cooperation partners, a more efficient monitoring of projects, and the greatest opportunities for utilizing Finnish expertise.
2. Collaborations with large, multilateral development partners are both inevitable and desirable, given Finland’s size and its international commitments. However, many such endeavors have aroused local skepticism over what is perceived as the large agencies’ profligate spending practices and blindness to locally defined priorities. Ensuring that multilaterally-channeled Finnish aid is efficiently and correctly used will require greater rigor in the analysis of projects, firmer negotiations to assure that Finland’s voice is heard in the design phase, and closer monitoring of projects. It is recommended that a Finnish expert be attached to most, if not all, projects receiving MFA funding in order to open a regular channel of communication at the operational level..
3. Finland could fruitfully transplant successful projects that have been developed in one of the development cooperation countries to other countries of the region.
4. Before undertaking to provide first-stage funding for projects, Finland should make sure that benefits are not postponed to some later unfunded phase, or that they achieve their goals only when a costlier and often un-funded “balloon” phase has been completed.
5. Because it promotes collaboration between institutions from Finland and partner countries, the MFA’s new Institutional Cooperation Instrument (ICI) holds promise for bilateral development cooperation.
6. Development cooperation that helps international and Finnish NGOs to partner with local counterparts can further Finland’s interest in promoting community-mindedness and volunteerism. However, across the region and in Central Asia especially, locally based NGOs are often viewed by both local and foreign intellectuals and officials as poorly harmonized with national priorities, politicized, and corrupt. Finland must bear this in mind when choosing independent partners. Once NGO partners are selected, the MFA must hold them to much higher levels of transparency and accountability.

7. In most states of Central Asia there is a mounting official hostility towards religiously-based foreign NGOs. Faith-based Finnish NGOs strictly obey laws against proselytizing but may nonetheless wish to explore new organizational and operational modes that are compatible with this emerging reality.
8. Some multilateral agencies appear to sideline local administrators in favour of their own staff or expensive consultants. On all its development projects Finland should more actively promote local participation and the requisite training, which will in turn contribute to capacity-building across the region.

Geographical Focus

9. Finland's Wider Europe Initiative (WEI) recognizes the shortcomings of past development initiatives in Belarus, Moldova, Ukraine, and the South Caucasus but nonetheless proposes increased development cooperation with those countries. Even with doubled funding, however, it will be impossible for Finland to serve effectively all these countries, along with the five countries of Central Asia. This evaluation finds that the effectiveness of Finnish development cooperation will be maximized if it concentrates long-term efforts on Central Asia, where needs are most acute and where the potential for Finnish "value added" is greatest. Specifically, this means the Kyrgyz Republic, Tajikistan and also Uzbekistan. Opportunities in Turkmenistan should be pursued over the short and mid-term but not thereafter. Within the South Caucasus, the most promising initiatives are to be found in Georgia, specifically those directed towards environmental and water issues. Eastern European projects should be pursued mainly by participating in multilateral projects and as targets of opportunity.
10. Finland should not be deterred by the many complications which international aid organizations have experienced in Uzbekistan. Effective coordination between Finnish development cooperation and the government of Uzbekistan is possible and will open good prospects for the future.
11. Finland's development commitments in Afghanistan create potential synergies that could be fruitfully exploited through regular and close interaction between MFA offices involved with development cooperation in that country and in the rest of Central Asia.

Spheres of Activity

12. Positive and lasting outcomes arise when development cooperation directly stimulates the productive sector. Finland should promote this end through support for local Investment Councils and other bodies seeking closer ties with their counterparts in Finland. It should also foster the closer engagement of Finnfund and Finpro with the region. Finland should also build on its strong record in promoting banking reform.
13. "Good governance" is of overwhelming importance to every country in the region. Finland should embrace this as a major priority, and advance it through programs to improve public administration. Among several instruments that Finland might employ in this sphere, the newly created ICI holds promise.

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14. It is recommended that Finland focus its programs for gender equity on the soaring number of female-led households in rural Central Asia. Besides immediate humanitarian assistance, these female heads of households urgently need access to credit, education, healthcare, and training in areas as diverse as hygiene, basic accounting, and business development. Also meriting support are those emerging groupings of regional women who are dedicated to preserving and expanding gains in their status achieved in past years against the mounting demands of religious fundamentalists and their political backers. Gender equity requires a secular state, which is now actively under attack in the region.
 15. Finland's promotion of peace processes in the region should focus on the Ferghana Valley. At present there exists no channel for regular communication on practical and humanitarian issues among people of the three states – Uzbekistan, Tajikistan and the Kyrgyz Republic – that divide the Valley. A Finnish-sponsored “Consultative Council” involving regional governors, officials from the three capitals, and responsible members of local society could meet this need. This activity would be exactly in line with the goals of the WEI, in particular. If this succeeds, Finland might then employ development cooperation as an instrument for ameliorating conditions in other long-standing conflict zones, such as Nagorno-Karabakh.

Finland's “Value Added”

16. When identifying sphere of potential “value added,” the MFA should note the high regard in the region for Finland's excellence in the fields of governmental administration at all levels, education and teacher training, vocational training, IT, techno-parks, forestry, environment, and health care. This warrants a greater emphasis on programs in these areas.
17. In all types of projects, the degree to which Finland creates true “value added” is directly proportionate to the amount of human resources it is willing to invest in the endeavour. This means attaching Finnish professionals to most, if not all projects receiving Finnish development cooperation funding (see also above, 2).

Fundamental Approach and Strategy

18. Given Finland's limited resources and its ambitious goals in the area of development cooperation, the MFA should recognize and embrace its role as a “development entrepreneur” rather than as passive funder. It should devote more energy and resources to identifying, shaping and facilitating projects and programs in which other development partners might then become involved.

Findings	Conclusions	Recommendations
Evaluation of over 70 country-specific and regional projects demonstrated that both recipient countries and Finland gain most from bilateral development cooperation. We define as bilateral development cooperation activities initiated and led by Finland although other, additional development partners may also be participating in them in lesser capacity.	Bilateral modes of implementation are more effective, well-received locally, and sustainable than any other channel. Finland's involvement in bilateral projects is also far more widely known than its participation in multi-lateral initiatives.	<i>Primacy of bilateral implementation is recommended.</i> Bilateral, country-to-country cooperation should form the core of Finnish development cooperation in the regions under consideration. This accords with local views and promises the greatest "value added" as Finland interacts more closely with countries of roughly its own size.
Channeling of Finnish Official Development Assistance (ODA) through international financial institutions, multi-lateral development banks, etc., is inevitable given Finland's size and its international commitments.	However, a majority of multilateral projects in which Finland was a development partner gave little or no recognition to Finland. There was little or no Finnish input into their design and implementation and they did not recruit Finnish experts to participate in the field. Furthermore, international, multilateral organizations arouse local skepticism over their profligate spending habits and insufficient engagement with local priorities.	To minimize problems with multilateral implementation, Finland should perform a rigorous quality assurance analysis of proposals before their approval, be a participant in the design and implementation of projects and insist that said projects engage Finnish experts as far as possible. When participating in larger projects, Finland should seek to fund discrete elements within them in which Finland's expertise is evident. When host country interest and support for a given project withers, Finland should be quick to distance itself from the project as a whole.
Many countries of the region are grappling with similar human, environmental, administrative and political problems.	Successful Finnish-funded projects that have been developed in one country might usefully be replicated in other countries of the region.	For example, to maximize efficiency of resources and development partner funds, the Finnish-sponsored Lung Health Project (by Filha), now nearly over in Kyrgyzstan, could next be implemented in neighboring countries such as Tajikistan and Uzbekistan.
Multilateral agencies (ADB, and a number of UN branches) have sought and are receiving Finnish funding for projects which will achieve no real results until later stages, that have no secured funding.	Finland's voice and overall "value added" is diluted in such "balloon" projects, but the multilaterals in question are pursuing these projects already counting on Finnish contributions to help them move to future phases, none of which appear to tap into areas of Finnish expertise.	Before funding first stages of large multilateral projects, Finland should carefully scrutinize them to make sure that benefits are not fully postponed to some later phase that is unfunded, or that they achieve their goals only when a costlier "balloon" phase has been completed.
In the region many local NGOs exist solely to benefit the personal interests and finances of their creators. At the same time, civic-	By no means do all local civil society organizations and NGOs in the region warrant support. While many positive examples should be duly	Finnish NGOs seeking local cooperation partners would do well to spend time in the region before making a choice. Roving

<p>minded NGOs and civil society organizations built on the principles of true voluntarism do also exist in both Central Asia and the Caucasus.</p>	<p>acknowledged, all too many are managed by younger members of a professional class that pursues its own interests with scant regard for meeting real societal needs, and with a low level of transparency. There is vocal opposition to them in the region.</p>	<p>ambassadors need to scrutinize carefully entities seeking Local Cooperation Funds (LCF). Ideally a list of both reliable and of unacceptable local partners will emerge and can be consulted as new projects are developed. Widespread lack of transparency in the local NGO sector demands more rigorous accountability from them than has existed to now. Scholarships for rising NGO leaders to attend training in partner NGOs in Finland should also be considered as a form of development cooperation.</p>
<p>Finland's strategy for development cooperation suggests a larger role for Finnish NGOs.</p>	<p>Their level of activity in Central Asia and the South Caucasus has been more limited compared to other regions of the world. However, what they have accomplished receives high marks for targeting crucial issues. A caveat: respected local officials and intellectuals are deeply concerned over the use of NGOs for the promulgation of nonconforming or radical religious views.</p>	<p>Finland should support increased collaboration and partnership between its NGOs and proven and reliable NGOs in recipient countries. However, faith-based Finnish NGOs may wish to explore new organizational and operational modes that are compatible with regional sensitivities and realities.</p>
<p>Finland's 2007 Development Policy Program (MFA, 2007) calls explicitly for the use of local personnel in project implementation. The region experiences high levels of unemployment and brain drain. Finnish projects have promoted hiring of locals and thus "local ownership", but these efforts are often stymied when multilateral agencies become involved.</p>	<p>Many development organizations are indeed hiring locals, however mostly for middle and lower level positions. "Local ownership" of projects is best achieved when locals occupy high positions within them. Use of more expensive foreign personnel and consultants can also be reduced when appropriately trained workforce is available locally.</p>	<p>The MFA should actively push for inclusion of locals in all projects, on all levels. Training of local hires may need to be built into many projects. Through development cooperation projects Finland should aim to both promote capacity building and provide new forms of employment for well- educated/skilled locals who might otherwise emigrate.</p>
<p>Currently, Finnish development cooperation is thinly spread throughout all three regions covered by this evaluation.</p>	<p>Choosing to focus on fewer countries and concentrating the majority of its work in one of the regions in question, Finland and its development cooperation partners can achieve more substantial and sustainable results. Attempting to cover all countries within Finland's Wider Europe Initiative does not appear feasible despite increased ODA allocations for the region.</p>	<p>This evaluation finds that Central Asia should be the focus of Finnish development cooperation in the geographical area in question. Within it, prime target countries should be the Kyrgyz Republic, Uzbekistan, and Tajikistan.</p>
<p>The UN's Human Development Reports correctly underscore issues of poverty, weak institutions, and inadequate social services in Turkmenistan.</p>	<p>Looming energy wealth may, however, soon enable Turkmenistan to move forward without significant foreign assistance. But thwarted development during the first fifteen years of independence has left a gap that</p>	<p>Finnish development assistance (to be short- and mid-term) in Turkmenistan should focus on improving education, vocational training, IT, and production-related endeavors. Such</p>

	international cooperation can help bridge.	support can be phased out as Turkmenistan's national income begins to soar.
Uzbekistan's central location, large population, and ample challenges in the economic and social sphere give all developments in that country a region-wide significance.	Uzbekistan has proven a challenge in many respects, not the least for development partner countries. Like successful programs elsewhere, cooperative programs in Uzbekistan must be carefully coordinated with the government to assure that they address recognized needs and that their processes conform to local circumstances.	Finland's experience to date confirms that careful coordination between Finnish development efforts and the government of Uzbekistan holds good prospects for the future. Such coordination should now be more systematically developed, beginning with confidence-building projects and expanding into more extensive projects in the future. Administrative reform might be a prime focus.
Considering Finland's size its development cooperation in Afghanistan is large scale.	Increased Finnish development cooperation with Tajikistan, Uzbekistan, and the Kyrgyz Republic will have significant implications for the broader region, notably also for Afghanistan. Finnish commitment in Afghanistan will open creative possibilities for enhancing Finland's development cooperation on a regional basis across an emerging "Greater Central Asia" region.	To promote coordination within the Finnish MFA, it is recommended that regular interaction be arranged between those responsible for Finland's cooperation initiatives in Tajikistan/Uzbekistan/Kyrgyzstan and in Afghanistan.
South Caucasus: Azerbaijan has for several years been among the fastest growing economies on earth while Armenia benefits from strong support from the United States, Europe, Russia, and its own well-organized émigré community abroad. Georgia's recent progress has been notable and in some areas stunning.	Development cooperation projects approved by roving ambassadors (utilizing LCFs) and those initiated and carried out by Finnish NGOs in the entire South Caucasus region appear to accurately target needs and result in good outcomes. This has proven to be a good operational mode and should be continued.	In the South Caucasus, focus of Finnish development cooperation should be Georgia, specifically in the environmental, water, and hydroelectric sectors. Finland's potential "value added" is greater in Georgia than elsewhere in the South Caucasus.
Business and private sector-led activities: In general, positive, lasting outcomes arise when development cooperation directly stimulates the productive sector. Trade promotion conferences held by Investment Councils of Kyrgyzstan and Tajikistan have attracted some Finnish businesses to engage in these countries.	The development community, including that of Finland, asserts emphatically that the best tool for social and economic development is the productive sector. MFA projects in this region have only minimally addressed this sector.	Finland should build upon the activities of Investment Councils in Kyrgyzstan and Tajikistan and other bodies seeking closer ties with their counterparts in Finland. It should foster the kind of opportunities to cooperate with, and benefit from, Finnish expertise in business and management to which Finfund, Finpro (which has an active office in Kazakhstan, managed by a local, Finnish-trained professional) and like Finnish organizations are able to provide access.

<p>Good governance: Finland's specified fields for development cooperation include "good governance," an issue of overwhelming importance to each country in the region.</p>	<p>Few Finnish cooperation projects directly address this issue, even though both governmental officials in the region and reformers outside the governments place it at the top of their agenda and consider it the number one priority for international development partners.</p>	<p>Finland should through urgent technical assistance engage actively in the reform of public administration. Specific proposals include 1) the development of public monitoring and evaluation systems for all civil servants; 2) reform of the civil services' wage structures and expansion of their salary pools; and 3) improved training both at the national civil service academies and at institutions in Finland, as well as internships, etc.</p>
<p>Volunteerism and civic-mindedness are severely missing in post-Soviet societies. The concept that citizens have rights is understood, but much less is the fact that citizens have also responsibilities and opportunities to improve the condition of their society.</p>	<p>Finns know how to pull together to rebuild, to care for the things they hold in common. Promoting such behavior, which exemplifies volunteerism, can be taught and should be the focus of many more projects in the region. Projects by local NGOs, irrespective of their funding source, too often focus on volunteerism acting outside of, or in some cases, against the state. As an alternative, greater emphasis should be accorded to forms of volunteerism and civic-mindedness which seek to work <i>with</i> the state and public sector.</p>	<p>To introduce an element of synergy to Finland's promotion of good governance and civic volunteerism, Finland should support initiatives bridging these two. The Urban Institute in Tajikistan (a non-governmental entity) is one example of a worthy initiative which promotes this cause.</p>
<p>Migration and gender: There are a soaring number of female-led households in rural Central Asia. Besides immediate humanitarian assistance, they urgently need access to credit, social services, education, medical care, and training in areas such as basic accounting and business development.</p>	<p>Statistically, after an 8-year absence, a migrant laborer is not likely to return to his first family. Thus projects enabling female-led households to become self-sufficient must be a priority in countries such as Tajikistan and the Kyrgyz republic.</p>	<p>Finland could usefully focus its programs for gender equity on precisely these women. Microcredit has been especially helpful in this crisis situation in Tajikistan. Support for it from all development partners, Finland included, is one of the best tools to alleviate immediate rural poverty and lead to building female-run small businesses, as has already been amply proven in Afghanistan, Bangladesh and many countries in Africa.</p>
<p>Conflict management in the Fergana Valley and Mountainous Karabakh: While it is often observed that Central Asia has largely avoided overt armed conflict (with the exception of Tajikistan's civil war), this obscures the important internal and trans-national tensions that exist in the region. They are especially pronounced in border areas, most notably the Ferghana valley region divided between</p>	<p>At present there exists no channel for regular communication on practical issues among the three states that divide the Fergana Valley. Finland is a member of the OSCE Minsk group and its attempts to facilitate an acceptable resolution to the Mountainous Karabakh conflict.</p>	<p>As regards the Ferghana Valley, Finland could assist in setting up a "Ferghana Consultative Council" across the Ferghana Valley involving regional governors, responsible members of local society, and officials from the three capitals. While such a consultative council can only be formed at the initiative of the three states, Finland, with its well-earned reputation in the areas of conflict management</p>

Kyrgyzstan, Tajikistan, and Uzbekistan.		and the administration of complex borders, could play a critical role in such a development. Similarly, Finland's support for the Minsk process in Karabakh might lead it to support planning efforts for post-conflict development there, to be implemented in the event the diplomatic crisis is resolved.
<p>Finnish expertise: There is a good level of awareness within the region of Finnish excellence in the fields of governmental administration, vocational education, IT, techno-parks, forestry, water management and hydropower, alternative energy, and healthcare.</p>	Georgian, Kyrgyz and Tajik officials all suggested that Finland should embrace these strengths and assume a greater role in promoting these areas as part of its overall program of development cooperation.	Finland should initiate and support development in sectors where it already enjoys a comparative advantage. In these sectors, the bilateral mode of implementation is preferable since it will most directly and sustainably benefit both Finland and the recipient countries. For example, Finland could play a major role helping regional states bring tree harvesting to international standards. Senior Uzbeks also spoke of possible future collaborations with Finland in the field of alternative energy.
MFA's development arm demonstrates a laudable concern for efficiency in the expenditure of cooperation funds. In practice this is equated with lean staffing at MFA, i.e., a low ratio of staff costs to project expenditures.	In practice, low development management costs result in MFA approving projects which come to it already partially or fully formed, usually initiated and designed by major international agencies. Thus, as easily demonstrated by this evaluation, overall Finnish development input has been less than desirable, with little "value added" gains, in addition to inadequate control and monitoring of work it funds, unable to affect inefficient and wasteful use of cooperation funds, widely criticized by local partners.	<p><i>"Development venture capital"</i></p> <p>Given Finland's limited (compared with international financial institutions and larger countries) resources and its ambitious goals in the area of development cooperation, the MFA should recognize and embrace its role as a "development entrepreneur" rather than as passive funder. As such, it should focus both energy and resources on identifying, shaping and facilitating projects in which others might then become involved. This requires expanding MFA's development staff. Above all, the development of bilateral programs that maximize Finnish "value added", and on programs that lead to constructive engagement by Finnish entities in the productive sector are recommended.</p>
Adequate coordination of activities/projects between development partners in the region is not evident.	Major organizations such as OSCE, various UN bodies as well as ministries within countries of the region report holding joint meetings to coordinate activities so that overlapping projects	MFA must carefully research the record of past, recent or ongoing projects in any given country or region before committing to funding a new

	are avoided. This mechanism appears to function poorly, if at all. Furthermore, project proposals from the most reputable organizations frequently fail to mention other projects, which overlap with the one being proposed.	one lest it prove redundant or overlapping.
Women's rights are eroding as Islamic radicalism grows stronger in the region.	All efforts addressing equal rights of women, social protection, schooling of female children and employment opportunities deserve support of Finnish development cooperation.	Finland's development cooperation should focus more strongly on this regional dilemma. Especially support for female-led households must be explored.
Islamic radical NGOs offer aid on condition of recipients' adherence to wearing of the hijab, schooling of children in <i>madrassas</i> , keeping female children out of schools, etc.	This situation has created a backlash in Central Asia with governments contemplating the banning of all faith-based NGOs from the region. (Kazakhstan is an exception as it has recently passed liberal laws guaranteeing religious freedoms)	Finnish faith-based NGOs would do well to adopt modes of operation in the region in which their religious affiliation for the time being is not apparent.
Local governments are overwhelmed under the burden of facilitating activities for and with development partner nations/organizations.	The work load prevents these new governments from concentrating on their own duties and from independently discovering solutions for their problems.	Finland should be aware of this situation and try in every instance to be supportive and work in ways that minimize this burden. NGOs, Institutional Cooperation Instrument (ICI) and other such ways of channeling development cooperation lessen the burden on governments.
Documentation on Finnish development cooperation projects available at MFA's archives is highly irregular and spotty, including accounting for project costs.	Currently, no rigorous and accurate evaluation of development cooperation can be conducted based on available archived project records.	Record keeping should be standardized and recording must be done in a way to provide useful data for the purpose of efficient future planning and evaluations.
Finland is vastly increasing its funding for development cooperation in Eastern Europe, Central Asia and the South Caucasus.	Projected staff increases of 5% will not be sufficient to handle the resulting increase in project load. In the eventuality that staffing is not increased, more of Finland's funding will necessarily be channeled through multilateral organizations, where Finnish "value added" is seriously diluted and bilateral development cooperation will lose out.	The increase in development cooperation allocations demands an increase in development cooperation-specialized staff to handle a greater project load in a manner that will result in the realization of Finland's expressed development policy goals.

1 INTRODUCTION

Finland will soon enter its third decade of active development cooperation with some countries of the former Soviet Union. Several factors make an evaluation of these efforts in the area of development cooperation both timely and important. The adoption of a new Finnish Development Cooperation Policy Programme in 2007 (MFA 2007) occurred just as the context for development cooperation in the region was undergoing rapid change. Moreover, the fact that political decisions have been taken that will generate substantial increases in Finland's total development cooperation budget (to reach 0,7% of Gross National Income by 2015), with allocations for these regions nearly doubling, make a review of priorities all the more timely. Taken together, these factors make an evaluation of the record to date imperative.

But such a historical evaluation should not be an end in itself. Both retrospective and prospective in nature, this study seeks to frame recommendations that might be of use in the shaping of future initiatives in development cooperation that will advance Finland's broader goals and interests while paying due attention to the interests and priorities of the partner countries. A longer temporal frame can thus inform and deepen Finland's public dialogue on strategic choices regarding the developing world.

The present evaluation, begun and completed within the short span of three months, covers a wide and diverse region over a fifteen year period. During these years, Finland has implemented scores of projects in highly diverse fields in seven countries. This complex reality has dictated an analytical and synthetic approach for this evaluation, rather than a descriptive one.

A first objective of this review has been to examine the efficiency and effectiveness of Finnish development cooperation in Central Asia, the South Caucasus, and Eastern Europe; to understand how it has responded to the needs of the countries involved; and to determine the extent to which the Finnish contribution advances the goals both of the countries involved and of Finland itself.

A second objective has been to offer recommendations to the Ministry for Foreign Affairs of Finland (MFA) regarding possible future priorities for development cooperation in the region. This involves paying close attention to the various modes of implementation, the relative efficiency of bilateral and multilateral programs, and to the various channels through which they might be implemented, including national governments and both international and local non-governmental organizations (NGOs). Moreover, the evaluation has sought to identify the development goals of local governments, the most promising spheres of development cooperation, and the countries that can benefit most fully from Finland's involvement. Finally, the evaluation will scrutinize the potential "value added" of Finnish interventions in a variety of spheres.

The evaluation accorded special attention to cross-cutting themes, as defined by Finland's Development Policy Programme (MFA 2007), strategic goals and tactical measures for achieving them, as well as their practical implementation on the ground. It also takes note of the various ways in which programs are adapted to specific economic and cultural realities on the ground. The structural capacities of partners have also figured in the present assessment.

The pivotal concerns of this study are to identify the most effective modes of development cooperation; specify countries that should be prioritized within Finland's overall commitments; indicate the extent to which locally identified needs are being addressed; assess the role of Finland's "cross-cutting themes" in the selection of actual projects; address the issue of Finland's "value added" with respect to present and future initiatives; and propose possible changes in the management of Finland's development cooperation that might increase its effectiveness.

The evaluation is based on a careful review of published literature, project reports available online, and the holdings of the MFA's archives. Interviewees included key MFA figures in Finland, roving ambassadors, representative persons from Finnish-funded cooperative projects, as well as project leaders, officials, experts, and public citizens throughout Central Asia and the Caucasus. It also draws on the evaluation team's expertise and experience on the region over some thirty years. Information on projects in Eastern Europe was obtained from open source records and through correspondence and direct contacts. Illustrative projects for more detailed field review were identified on the basis of documents in the MFA archives and discussions with officials and experts in Helsinki.

The evaluation process began with meetings at the Finnish MFA on 9 and 10 September, 2008, between members of the evaluation team and relevant officers of the Ministry. Prior to field research in Central Asia and the South Caucasus team members conducted preparatory interviews in Washington DC, and Helsinki. In the former, the team met with several representatives of regional governments (among them the Kyrgyz Minister of Finance), multilateral development banks, and Finpro. In Helsinki interviews were held with representatives of Finnish partner organizations and additional key officers and staff of the MFA.

Field work in the Kyrgyz Republic was carried out during the period October 20-26, 2008, and included meetings with project leaders and partners from United Nations Development Program (UNDP), Asian Development Bank (ADB), the Kyrgyz Ministries of Health, Education, Environment and Trade, the Organization for Security and Cooperation in Europe (OSCE), OSCE Academy, UN Mountain Project, multiple representatives from the Presidential Administration and, additionally, with individual economists, educators, representatives of NGOs, and young IT entrepreneurs, (Annex 2 for complete list of interviews). A field visit to Tajikistan took place 26-31 October, 2008, and included meetings with project partners from the OSCE, United Nations

Office of Drugs and Crime (UNODC), ADB, the Tajik Investment Council under the President's Office, the Urban Institute, an author/expert on poverty in Tajikistan, the President of the Tajik Academy of Sciences, an American public health engineer on contract with United States Agency for International Development (USAID), the president of Tajikistan's National Savings Bank, and numerous experts in Dushanbe.

In Georgia, the field visit took place between November 3-7, 2008, and included nine meetings with project partners as well as the Minister for Reintegration, the Deputy Minister of Finance responsible for development partner coordination, and the relevant staff of the Ministry of Environment. Both current and former Finnish roving ambassadors to the region were also interviewed.

The evaluation team consisted of three experts from the Central Asia-Caucasus Institute and Silk Road Studies Programme Joint Center: the Center's Chairman, S. Frederick Starr (Team Leader), its Research Director, Svante Cornell; and its Forum Director, Marja Oksajärvi Snyder. The team received valuable support from local experts and former Senior Visiting Fellows at the Center: Talaibek Koichumanov, former Minister of Finance of the Kyrgyz Republic and now head of the Investment Council; and Vladimir Papava, former Minister of Economy of Georgia. Nicklas Norling, Research Fellow at the Center served as project coordinator and participated in the preparation of desk studies and in the analysis of information gleaned from all sources.

1.1 Finland's Goals and the Developmental Aspirations of its Partner Countries in Central Asia, South Caucasus, and Eastern Europe

Finland's policy on development programs have undergone a number of revisions during the period covered by this evaluation. Only last year a major revision was introduced in the form of *The Development Policy Programme 2007 – Towards a Sustainable and Just World Community* (MFA 2007). Moreover, the list of cross-cutting themes has evolved considerably. The themes introduced in the early 1990s included the Rio agenda's stress on poverty reduction, equality, and human rights. To these were added gender equity, sustainable development and, most recently, crisis prevention, peace processes, and protection of the environment. Notwithstanding these shifts, Finland's policies have remained in accord with the United Nations' (UN) and European Union's (EU) development policies and the Paris Declaration (Salmi & Mikkola 2007), as well as the Millennium Development Goals.

Finland's development cooperation in Central Asia, the South Caucasus, and Eastern Europe correctly focuses on issues at the conjunction of local need and Finnish "value added." This aim is stated explicitly in Finland's Development Policy Programme of 2007 (MFA 2007), which emphasizes the importance of building on the partner countries' own development strategies while simultaneously focusing on areas where

Finland's expertise and experiences give it a comparative advantage. This is easier said than done. It assumes a close understanding of how officials and experts in the recipient countries view their region's needs, and of the ways in which these perceptions can be affected by the calculations of partner countries regarding Finland's intentions.

Looming over all these variables are a series of now well-known challenges which the region faces, most of them the legacy of Soviet rule. It is not surprising that the development strategies of all countries of the region call for improved public administration, better health care, modern primary education, poverty reduction in rural and mountain zones, the reduction of corruption, steady supplies of electricity and gas, environmental protection, and private sector development. Tajikistan, Kyrgyzstan, and Uzbekistan place particular emphasis on improved accessibility and effectiveness of the primary health care system, while Tajikistan adds an emphasis on sanitation, housing, integration into the global economy, and industrial development (see Government of the Republic of Uzbekistan 2005; Government of Georgia 2003; Kyrgyz Republic 2007; Government of Tajikistan 2006). Turkmenistan, meanwhile, is struggling to make up for a decade and a half of often misguided developmental policy, even as it looks forward to looming prosperity. Georgia, by contrast, driven by its desire to fulfil its European Neighborhood Policy Action Plan, looks to budgetary support as the preferred mode of cooperation. Finally, both Kazakhstan and Azerbaijan have recently developed the core of a middle class. While this has itself generated new developmental needs, both of these economies are increasingly able to address them without outside assistance – with Kazakhstan already making a transition from the status of aid recipient to that of regional investor.

2 FINDINGS AND CONCLUSIONS

This section evaluates the main choices Finland has taken with regards to modes of implementation, geographical focus, and spheres of activity. On this basis, an assessment is offered on the extent to which Finland, in its development cooperation, has created “value added.”

2.1 Mode of Implementation

2.1.1 *Bilateral Channels*

The review covered a number of bilateral projects in Central Asia and the Caucasus – that is, projects in which Finnish organizations partnered directly with organizations in the recipient country. Among these were, for example, the “Geological Survey Project” (2004–2006) and the “Banking Sector Reform Project” (Late 1990s), both in

Kyrgyzstan, and the development of “Environmental Monitoring and Management Systems” in Georgia (2007–2008). Significant similarities and differences among them are to be noted. All were implemented in partnership with Finnish institutions. The Finnish Environment Institute (Suomen Ympäristökeskus, SYKE) participated in both the Geological Survey project and the Environmental Monitoring project in Georgia. Multilateral agencies were also involved to varying degrees in many of the “bilateral” projects, so that ultimately the work has had a dual character.

Inevitably, significant differences in effectiveness are to be noted. Thus, the pre-ADB phase of the Kyrgyz geological survey project is universally acknowledged as of great benefit to the host country while the Kyrgyz Banking Reform Project is considered to have been transforming. Judgments on the later stages of both are more equivocal.

Acknowledging this, the overwhelming impression gained from regional officials and collaborating agencies and organizations, and from Finnish officials and partner organizations, is that bilateral projects as a group do more than any other type of projects to advance Finland’s objectives and serve the real needs of local populations. Moreover, according to one key regional partner, “bilateral projects produce more permanence and continuity.” According to another, this type of assistance is “the most concrete and effective form of cooperation.” Suffice it to say that in the Geological Survey and Environmental Monitoring projects local partners perceived Finnish institutions as very concrete in their approach and “extremely constructive.” In general, SYKE received high marks region-wide for its expertise and efficiency and for working well with local partners. However, Kyrgyz officials who view the banking project as having been “very effective” were “disappointed that Finns did not continue” longer with it. Likewise, Georgian officials were concerned that Finland may discontinue projects there just as they are gathering speed.

Beyond this, Finland’s involvement in bilateral projects is far more widely known than its participation in multilateral initiatives. It is true that many international financial institutions and other large organization duly acknowledge Finland’s support: thus, OSCE’s border program in Tajikistan features a Finnish flag on all its publications. At the same time, there are all too many contrary examples, as, for instance, when even the leaders of an ADB program were unaware of Finland’s significant contribution to its budget. Overall, it is clear that the Finnish role is more directly and convincingly acknowledged in bilateral projects, in projects with only two or three development partners, or in projects that directly engage Finnish organizations and individuals during the implementation stage. Regional officials, partners and the general public are more conscious of Finnish involvement when the above conditions exist.

Governmental and official bodies are Finland’s partners in some of the most impressive bilateral projects. The joint project with the ADB to develop an Ecological Security concept in the Kyrgyz Republic in 2007 is perceived locally to have been effective. Finland’s input in this project was “clear and close,” according to one Kyrgyz official, and even extended down to the level of local government.

Finland's new mechanism for development cooperation, the Inter-institutional Cooperation Instrument (ICI), promises to link Finland's public sector – ministries, institutions and universities – with corresponding entities in developing countries. Because Finnish institutions participating in ICI will be given the power to implement it, this is definitely a step forward.

Local NGOs are also prominent among Finland's partners in bilateral cooperation initiatives. Community-mindedness and volunteerism are noticeably lacking in most post-Soviet societies. Projects linking Finnish NGOs with genuinely self-governing regional groups not only achieve practical results but foster competent volunteerism and civic activism locally. Noteworthy are projects implemented jointly by organizations such as Red Cross and Red Crescent, especially as they attract the participation of young people and can lead to the formation of solid civil society organizations.

This study encountered numerous allegations of serious corruption in locally based NGOs, and charges that they served the interests of their managers more than of the local society. Greater transparency and much closer monitoring is called for. However, the best way to avoid such pitfalls in bilateral projects involving local NGOs is for the Finnish partners to be involved on the ground in their realization. This criterion has been satisfied in the very successful Red Cross/Red Crescent partnerships in Tajikistan and elsewhere, but in too few other initiatives.

Several project leaders and project reports spoke enthusiastically of the Finnish-made equipment provided to local partners and agencies through Finnish-funded development cooperation. Such enthusiasm appears largely unwarranted. In many cases it appears that most equipment, with the exception of the simplest and most nearly indestructible instruments (as, for example, stethoscopes and other rudimentary gear provided through the Lung Health program) is wasted. Many pieces of expensive equipment go unused and others are abandoned for lack of maintenance and repair facilities. Among the equipment provided to the joint ADB-Finland Environment and Capacity Building Project, for instance, only the computers are still in use; all other specialized equipment is now either in storage, dilapidated, or broken. Again, the key is for Finnish experts to be on the ground. Another country that participated in the Environmental Monitoring Project in Georgia contributed quantities of technical equipment. But since no locals had been trained in its use and maintenance, the equipment remained unused. A group of Finnish experts who arrived in Georgia immediately unpacked it, put it to use, and trained Georgians to maintain it.

Available evidence does not permit a conclusion as to the comparative quality of reporting from bilateral initiatives, as opposed to multilateral projects carried out under the umbrella of major international organizations. Casual practices on the part of implementing agencies of all types, coupled with insufficiently persistent oversight by the MFA, results in many instances of delayed, weak, or nonexistent reporting. As a result, the MFA's archival documentation on many projects is incomplete or nonexistent. This problem appears to arise from both ends of the communication chain: while

some NGOs, for example Institute for War and Peace Reporting (IWPR), have clearly failed to report to Finland, several Georgian NGOs claimed to have submitted both financial and narrative reporting without receiving an acknowledgment or response from the Finnish side. Representatives of several multilateral agencies made the same point, although such instances appear to be exceptions rather than the rule.

2.1.2 Collaboration with International Financial Institutions and Multilateral Development Partners

Finland has lent support to initiatives developed and managed by such international institutions as UNDP, OSCE, ADB, UNODC, United Nations Development Fund for Women (UNIFEM), International Organisation for Migration (IOM), United Nations Environment Programme (UNEP), United Nations Economic Commission for Europe (UNECE), International Labour Organisation (ILO), World Bank, and European Bank for Reconstruction and Development (EBRD). Together, these constitute roughly half of all regional projects by number and approximately three-quarters by value. Such participation accords with Finland's international commitments and provides a convenient way of supporting projects that are beyond the means of any one country, or small group of countries, to finance.

It is not necessary here to enumerate the many ways in which such arrangements can, and do, prove effective for development partner and partner country alike. Thus, Finland's support for the EBRD's Early Transition Countries fund and Technical Cooperation Fund appears to be money well spent. The funds were continually audited and EBRD also undertook external evaluations, which revealed an overall positive attitude on the part of the Central Asian and South Caucasian governments towards the projects. The improvement of regional banking infrastructures, modernization of ministries of finance, and support to investment councils are all fully in line with both Finnish goals and the objectives of local governments. One might speak also of the World Bank's Aral Sea Basin program (executed in partnership with EBRD, UNEP, and UNDP) in Kyrgyzstan and Kazakhstan, which garnered massive political support and produced results in line with Finland's goals. Many other successful programs in the region can also be cited.

This said, a number of serious cautions are in order. While these do not affect the question of *whether* Finland collaborates with international agencies, they definitely bear on *how* it should do so. Equally important, they suggest that the present *balance* between bilateral and multilateral initiatives may too heavily favor the latter.

In the course of this review, interlocutors repeatedly raised the following five concerns about multilateral initiatives:

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- 1) Success for many projects is defined mainly in terms of visible “products” (reports, publications, meetings, training sessions, etc.) rather than concrete progress towards meeting deeper social or economic objectives. Without denying the value of such “products,” they should be seen as means, not ends. Progress towards the ends themselves is often neither measured nor evaluated.

In some instances achieving a truly desired “product” is hampered by a lack of local, supporting institutions. For example, the Lung Health Project (Finnish partner, Finnish Lung Health Association, (FILHA)) in the Kyrgyz Republic focuses mainly on improving the diagnosis of lung diseases. The project cannot significantly reduce mortality from such diseases, however, since it is not coupled with a substantial public education program to reduce smoking and other known causes of lung pathology in the population. This is not surprising, since the Kyrgyz Republic lacks competent departments of preventive medicine, public health and health education, and is therefore incapable at present of improving lung health in the population. Good diagnostic tools are essential to lung health, but for maximizing its impact to reduce pulmonary morbidity and mortality, the Lung Health Program should seek to collaborate and coordinate closely with all available local or international entities involved in preventive work to mount a comprehensive campaign.

- 2) Interviews in the field suggested that multilateral agencies (UN entities, ADB, etc.) often push to continue programs even after in-country approval of, and support for, a project has evaporated. The fate of the Central Asia Regional Information and Cooperation Center (CARICC) is but one example of this. Unless the MFA establishes the most sober and candid relations with key officials, these situations will continue to go undetected, with inevitable costs in terms of wasted money and eroded confidence and good-will.
- 3) Regional interlocutors argue that it is not uncommon for agencies to promote projects of greater relevance to themselves than to the countries served. For example, the UNDP parlayed a short term drop in female participation in Kyrgyzstan’s parliament into a major project on women in decision-making, notwithstanding the exceptionally high number of female officials in Kyrgyzstan. Regional interlocutors (among them female ministers of state), were highly critical of this situation. However, they also affirmed that this project can still serve a valuable end by forging links between Finnish and regional female business leaders, especially in those areas of Central Asia where Islamist activists are disseminating radically retrograde ideas of female empowerment.
- 4) In most of the larger projects to which Finland contributed, one encounters examples of inefficiency and outright waste at the implementation stage. The culture of development assistance in the region takes for granted high fixed costs in the form of fleets of expensive vehicles and drivers, elaborate quarters (including, in one instance in impoverished Central Asia, a swimming pool),

and staffs comprised of high-salaried members of the capital elite. All this is well known both to local officials and to the general public. When a Finnish national working for a project in Tajikistan refused a car and driver he was judged to be non-collegial. In Georgia, a Finnish project manager worked in a cramped office “in order to be part of the ministry work,” but was therefore derided for being eccentric.

- 5) A widely expressed concern was over the shifting priorities of international funders. This criticism goes beyond major institutional sponsors and touches even smaller countries like Finland. One can understand the frustration that arose when Finland discontinued its successful and well-regarded project of banking reform in Kyrgyzstan when it “no longer fit with the MFA’s categories.”

A further concern is that a number of initiatives (the ADB’s cotton project in Tajikistan, for example) will produce concrete benefits mainly at a later, costlier and, for now, completely unfunded “balloon” phase. This may be quite acceptable, of course, but it may also lead down a blind alley from which Finland can recoup its investment only by adding much more money. To prevent this, the MFA’s “due diligence” of projects must be greatly strengthened. It must demand much more careful business plans from the large partner institutions, better risk assessments, and fuller disclosure.

With some impressive exceptions, the records of Finnish project approval fail to meet these criteria. UNEP’s Finnish-funded Amu Darya River Basin project warranted much closer analysis than it apparently received at the MFA. For the MFA, it appears to have sufficed that the project was sponsored by no less than five multilateral agencies (UNEP, UNDP, OSCE, NATO, UNECE) in addition to the numerous local partners. Similarly, the MFA seems to have waved through the proposal to co-sponsor CARICC. That project ran into multiple problems, including its abandonment by the Government of Uzbekistan, which initiated it. Most of these problems could have been addressed had the MFA subjected the proposals to closer scrutiny.

Inevitably, Finland’s voice and overall “value added” is less pronounced and its identity more diluted at later stages of projects, as noted above. This is not itself a fault, for many important projects require time. Indeed, development partner agencies are to be faulted more for impatience than for excessive tenacity. But a smaller development partner like Finland must have a clearer understanding of its role as initial sponsor (“venture funder”) as opposed to sustaining supporter. It must understand at the outset the rationale for either continuing funding through the more expensive implementation stages or for bowing out when the longer-term contours of a major project have been successfully set forth.

In this context, Finland must also consider issues of public recognition, which is greater for the planning stage of projects than for their implementation. Such issues of leverage and recognition are all the more important because development cooperation is supported by Finland’s tax payers.

This review found many instances in which Finland was approached for funding projects only *after* the planning and design had been completed. This denies the MFA and Finnish expertise any chance of shaping a project and transforms Finland's engagement from active to passive. Notable exceptions occur when Finland arranges to focus its support on clearly delineated and discrete parts of larger projects and when it arranges for Finnish experts actually to participate in them. In these cases Finland is better able to monitor and evaluate the effectiveness of its involvement as the work proceeds and, if necessary, to propose adjustments. It goes without saying that public recognition of Finland's contribution is stronger in such cases than when it is a passive development partner.

2.1.3 Implementation through NGOs

Finland, along with other western countries, has frequently turned to local NGOs as project implementers. Successful examples of Finnish support in this area include NGO projects in the Caucasus and in Kazakhstan which have promoted freedom of speech and of the media. These have helped protect minority rights (Georgian Foundation for Strategic and International Studies (GFSIS), National Minorities Project in Georgia); fostered openness in government (Transparency International's projects in Georgia); overturn libel laws in Azerbaijan that protected corrupt officials from criticism in the press; built competence among journalists across the South Caucasus (IWPR projects); and have championed voter participation and improved election monitoring. The program "Transparency Kyrgyzstan" has created a hotline for reporting corruption, graft, and injustices against citizens in that country. Unfortunately, this evaluation could not verify how widely the population at large is using this service in order to vouch for its usefulness and impact.

Development partner communities have trusted local NGOs to manage and implement projects which they felt could not be entrusted to the control of corrupt officials. However, this assumes that development partners have rigorously evaluated the local NGOs themselves, that they have been assured of their transparency, and that they are able to monitor the projects once funded. Unfortunately, these conditions are rarely met. Careless vetting of local NGOs and poor oversight of their work has allowed many cases of crass opportunism and outright corruption to pass unnoticed (although they are well known to locals).

Regional civil society organizations and NGOs, especially those identified by the roving ambassadors and particularly in the South Caucasus, have successfully carried out many programs. Yet there is cause for concern about the locally-created NGO sector as a whole (as opposed to Finnish NGOs or international NGOs such as the Red Cross etc.). All too many are managed by members of a new professional class that pursues its own interests with scant regard for meeting real societal needs, and with a low level of transparency. Throughout the region one encounters skepticism and even cynicism about this situation, even from ordinary citizens. Complaints about corruption in the locally based NGO sector was eagerly aired in all countries visited not only by officials

(some of whom may have a vested interest in such complaints) but by local as well as foreign professionals and intellectual. It appears that development partner institutions inadequately acknowledge this reality.

Responsibility for identifying prospective local NGO recipients falls mainly on roving ambassadors in the Caucasus and Central Asia and on resident Finnish diplomatic personnel in Eastern Europe. The value of this approach is that it enables ambassadors with an understanding of local conditions to provide timely but relatively small-scale assistance to worthy projects. In contrast to larger and more complex initiatives, these are generally handled with a minimum of bureaucracy, and hence are a useful way of responding quickly to emerging problems. On the downside, such projects are often insufficiently vetted beforehand and lack adequate reporting.

We would suggest that the MFA itself should participate more actively in the vetting and monitoring of local NGO projects. The establishment of Finland's proposed embassy in Kazakhstan should improve oversight and quality control of Finnish-funded NGO projects. But the best assurance that a local NGO will adequately perform is for it to be linked with a Finnish counterpart, and for a Finnish expert to be directly associated with the project.

Like other development partner countries, Finland is channelling more of its development assistance through NGOs and hopes to increase their work in this region as well. The activities of Finnish NGOs in Central Asia and the South Caucasus have been far less than in other regions of the world, but they receive high marks for targeting crucial issues. Between 2003-05, under the MFA's new Finnish Partnership Agreement Scheme, ten Finnish NGOs were selected as development partner organizations (Virtanen et al. 2008). Few of them have been active in this region so far, but hopefully an increase in the number of Scheme participants will change that. A mix of both partners within the Scheme and other, independent Finnish NGOs are currently engaged in the region. Partnership status does offer NGOs greater opportunities within the development assistance framework. Some NGOs on the list (Finnish Red Cross, Save the Children Finland, Plan Finland and Trade Union Solidarity Centre of Finland) are very well-suited to engage in projects across Eastern Europe, the Caucasus, and Central Asia.

In this context, it is understood that Finnish NGOs choose their local counterparts independently of the MFA. But the MFA can urge Finnish NGOs to exercise caution and due diligence in selecting local partner organizations, and to put greater resources into training the personnel of these local partners.

However, across Central Asia one encounters a growing concern over the activities of faith-based foreign NGOs, even when their activities are purely secular. This concern is fed by widespread official and public opposition to aggressive proselytizing by Muslim NGOs from the Middle East, as well as some assertive Western missionary groups. Unfortunately, this concern takes the form of opposition to all foreign faith-based NGOs. Suffice it to say that the Kyrgyz Republic is considering legislation to ban all

such entities from its soil. This does not mean that Finnish faith-based NGOs should desist from work in the region. But it suggests the need for them to proceed only on the basis of clear understandings with host governments and with close contacts with local opinion leaders and the press.

2.1.4 Use of Local Administrative Capacity

Many Finnish bilateral projects promote “local ownership” (e.g. the Kyrgyz banking project) but these efforts are often stymied when multilateral agencies become involved. Local officials criticize multilateral agencies for disinterestedness and their tendency to sideline local experts. They complain that multilateral agencies often work around rather than through national ministries and departments, and then justify this by pointing to the ministries’ chronic understaffing and “poor leadership” (Kyrgyz Environmental Monitoring Management Capacity Building Project). This situation has led to the termination of otherwise important projects and to the further erosion of public administration in the region. It is sadly ironic that the ADB pulled out of Finland’s capacity building project because the Kyrgyz environmental agency was perceived to be incapable, in other words, lacking in the very capacity the project was designed to build! In this connection, it should be noted that the State Agency on Environment and Forestry of the Kyrgyz Republic (SAEPF), expressed concerns over the destructive role of intermediaries (in this case ADB).

This point bears emphasis. Even if governmental administrative agencies in recipient countries appear dysfunctional, the appropriate response is to tackle the problem head-on rather than seek alternative modes of operation. Finland’s efforts to promote local participation in multilateral projects has been noted. In UNEP’s Amu-Darya River Basin project, for instance, Finland explicitly requested UNEP to involve the same people throughout the project in order to “build personal relationships” with the local partners. Finland’s new ICI may prove to be the best mechanism to date for promoting capacity building in the region.

2.1.5 Involvement of Finnish Specialists

The best assurance that Finland’s development objectives are actively promoted is the involvement of Finnish specialists, preferably on the ground. The recruitment of Finnish development and disciplinary experts must therefore be a high priority in any effort to improve Finnish development cooperation. It is duly noted that Finnish expertise may not be available for every international effort. Nevertheless, major multilateral development organizations can be faulted for doing too little to recruit Finnish specialists for projects they manage and to which Finland is a development partner. For example, United Nations Population Fund’s (UNPFA) new sexual health initiative, to which Finland contributed 1,5 million euros, has not managed to engage one Finnish specialist, notwithstanding the existence of many Finnish experts in the field.

It is self-evident that Finland, as a global development partner, will participate in funding programs in areas for which little or no Finnish expertise exists. One such project, encountered within the scope of this evaluation, is the UNECE-mounted “Dam Safety in Central Asia: Capacity-building in the Amu-Darya River Basin.” When the Quality Assurance Group at the MFA reviewed the proposal, a member questioned why the Netherlands, with its superior expertise in large-scale water barriers, should not have been approached by UNECE to be the principal development partner of the project.

Acknowledging this, the evaluators were left in no doubt that Finnish expertise exists in nearly all areas of Finnish development cooperation in Central Asia and the Caucasus. Greater efforts are required to identify and tap this resource. The resulting expenditure, while significant, will be more than offset by the greater flow of information back to the MFA and overall quality control. Looking forward, Finnish presence in the field should receive a good boost when programs such as ICI are fully operational and more partnering occurs between Finnish NGOs and regional groups.

2.2 Geographical Focus

As a guideline for this enquiry, the MFA suggested that future scenarios include a greater concentration of effort in fewer states, and that the new states of Central Asia be considered as a possible regional focus of Finnish development cooperation. This implies a shift away from two states in which Finland had earlier been active: Moldova and Ukraine. To be sure, such activity was limited, with only 153,790 euros for Moldova in 2006 and 6,250 for Ukraine. Until now, Belarus has not figured in Finnish development cooperation.

Meanwhile, Finland has launched its Wider Europe Initiative (WEI), which proposes to expand development cooperation with Belarus, Moldova, Ukraine, the South Caucasus, and Central Asia. To this end, it has proposed to significantly expanding its development budget for the region as a whole. However, even with doubled funding it will be extremely difficult for Finland to support responsibly initiatives across the entire region, which now includes eleven countries. It can solve this problem by continuing its role as a passive funder of projects defined and executed by others. To some extent this is inevitable. But such an approach does not maximally promote Finland’s expressed objectives, nor does it do so with the greatest Finnish “value added.” Still less does it do so with the greatest possible degree of efficiency or effectiveness.

This evaluation finds that Finland will maximize the effectiveness of its development cooperation if it concentrates long-term efforts in those countries where needs are most acute and where the potential for Finnish “value added” is greatest. Taking into account the fact that other countries are deeply committed to assisting Ukraine and Moldova, and that neighbouring European states will take up the call in those countries, the South Caucasus and in Belarus, this leaves significant unmet needs in Central Asia.

Within the South Caucasus, the most promising initiatives are to be found in Georgia, especially in the environmental area. In Central Asia this line of reasoning points specifically to the Kyrgyz Republic, Tajikistan and also Uzbekistan. Opportunities in Turkmenistan should be pursued over the short and mid-term but not thereafter. With respect to Eastern Europe, it is suggested that Finland participate in development cooperation mainly through multilateral projects and through selected “targets of opportunity.”

The South Caucasus presents a picture of divergent needs and opportunities. Torn by unresolved and lingering conflicts, grappling with the fate of nearly 1.5 million internally displaced persons and, in the case of Georgia, faced with armed invasion from beyond its borders, Georgia, Armenia, and Azerbaijan would appear to be obvious partners for Finnish development cooperation. Armenia and Georgia were also the second and third largest recipients in 2006 of Finnish assistance to this wider region after Kyrgyzstan – close to 200.000 euros were targeted to Armenia this year while 266.000 euros were allocated to Georgia (excluding regional projects).

Yet three factors argue against making the South Caucasus the central focus of regional development assistance. First, Azerbaijan has for several years been among the fastest growing economies on earth. While many of its rural areas have yet to feel the benefits of post-Soviet development, Azerbaijan’s government has both the means and the will to begin addressing problems there. Second, Armenia faces daunting developmental challenges, particularly in its rural and mountain regions. Yet the country benefits from strong support from the United States, Europe, Russia, and its own well-organized émigré community abroad. Third, even though Georgia must deal with persistent problems of development outside its capital of Tblisi, the country has already achieved dramatic progress in the fight against corruption and in the creation of an investor-friendly economic environment overall. Added to this is the fact that extensive international cooperation programs involving most major bilateral and multilateral development actors are already in place in Georgia. In a development partner conference following Russia’s 2008 invasion of Georgia, more money was pledged than Georgia’s own needs assessment called for.

There are, however, four factors which warrant continuing support in Georgia. First, there is the urgent need to overcome the human suffering and devastation caused by the invasion of August 2008. Second, whereas substantial funds were pledged by western development partners, these were exactly that – pledges – and may not necessarily all be delivered; moreover, this is for short-term post-conflict assistance, while Finnish development cooperation adopts a more long-term perspective and should hence not be distracted in its priorities by these immediate developments. Third, in large swaths of the country no country but Finland is helping to address Georgia’s environmental and water problems. And, fourth, Georgia warrants help in meeting the commitments it eagerly assumed with respect to the EU’s Neighborhood Policy.

With regard to Central Asia, the most urgent needs for Finnish development cooperation lie in Tajikistan, the Kyrgyz Republic, and Uzbekistan. Finland has so far focused its development assistance on the first two. Kyrgyzstan has been the primary recipient of Finnish development assistance since the initiation of programs there in the mid-1990s, while Tajikistan has been among the top four countries in the same period. The case for this is compelling. Both are impoverished mountain countries, with fully of 93% of Tajikistan being mountainous. Both have largely been subsisting on remittances sent by native workers abroad, and both can expect the flow of remittances to decline sharply as the economic crisis in Russia deepens. Long-term prospects for both countries are nevertheless more positive, for they possess vast potential both in hydroelectric power, minerals, and, in the case of Kyrgyzstan, even natural gas. But today both economies are extremely fragile, with large parts of the population living under gravely sub-standard conditions. By any reasonable measure, the Kyrgyz Republic and Tajikistan desperately need, and amply warrant, cooperative programs in development. The fact that Finland's population is roughly comparable to both makes a pairing between it and these emerging countries all the more attractive.

But what of Uzbekistan? With ample gas resources, a lucrative cotton crop, and even a manufacturing base, Uzbekistan would not appear to be in the same category as Kyrgyzstan and Tajikistan, and indeed it is not. Up until today, Finland's development cooperation with Uzbekistan has mainly been limited to UNODC's two-year project on "preventing and combating trafficking in human beings", a drug interception program at the Uzbek-Afghan border, and a few regional programs in the environmental sphere.

Yet the country entered the post-Soviet era with formidable liabilities. On the one hand Soviet policies had turned nearly the entire rural population over to cotton production, and had created a grossly wasteful irrigation system to support it. On the other hand, many of the major industries could not be adapted to post-Soviet conditions and are dying. Faced with this, and with per capita Gross Domestic Product (GDP) barely above Kyrgyzstan's, the Uzbek government adopted a gradualist approach to change, favoring stability over rapid transformation. That worked well in the 1990s, but has contributed to the stagnation of its economy in the 2000s. At the same time, it has been wary of Western programs that foster democracy and civil society, and has restricted the activity of NGOs.

Notwithstanding these features, a strong case can be made for future cooperative programs of development with Uzbekistan. Like its mountainous neighbors, Uzbekistan has millions of laborers working abroad, a large and needy rural population. Instability in that centrally placed state will inevitably affect the entire region.

Like successful programs elsewhere, cooperative programs in Uzbekistan must be carefully coordinated with the government to assure that they address recognized needs and that their processes conform to local circumstances. If these conditions are met, there is every reason to believe that Finnish development cooperation would find a

cordial reception in Tashkent. Under any circumstances, if Finland seeks to promote its goals of conflict prevention, regional cooperation, and poverty reduction in Central Asia, the region's most populous country (27 million) must be included.

Kazakhstan has not been a major recipient of Finnish aid although it is included in many regional initiatives, such as the CARICC program and the Aral Sea project. This is as it should be. Kazakhstan possesses vast mineral and energy wealth and is today well on the way to becoming a middle class society – indeed, the Organisation for Economic Co-operation and Development (OECD) already lists it as an “upper middle income” country.

As for Turkmenistan, the UN's Human Development Reports underscore issues of poverty, weak institutions, and inadequate social services. However, Turkmenistan is tapping its natural gas reserves, which are among the world's largest. Having developed new buyers for its gas in China and being in negotiations with Europe to provide it with gas, Turkmenistan is on the lip of becoming very wealthy indeed. Potential Western consumers of Turkmen gas are rapidly expanding their programs of development cooperation there, and can be expected to take the lead in future development cooperation in that country. In the short term, there will be room for Finnish contributions in such areas as education, vocational training, and business development. But in the longer term, Finland's developmental concerns will find more urgent tasks elsewhere.

Finally, a note on the region as a whole. There exist a range of generic challenges that face Central Asia as a region, including the threat of a collapsing water supply, border issues, out-migration of labor, problems with the gas/water/hydroelectric energy nexus, narcotics and organized crime, and religious extremism. This would seem to justify Finland involving itself in region-wide projects. However, meetings with many leaders in the region produced little sympathy for the common western view that regionally-based Central Asian development cooperation projects encourage cohesiveness between the nations of Central Asia. While this does not obviate the value of certain multilateral and region-wide initiatives, it reminds us that in post-colonial situations issues of sovereignty and state-building take priority over integrative issues. Regional leaders pay lip service to regional cooperation, but it has failed to develop into effective programs given the priority put on the building of sovereignty.

It is no surprise that development projects involving country-to-country cooperation appear to produce more substantial outcomes and to be less plagued with bureaucratic waste. However, Finland's priorities appear to be moving in the opposite direction – towards a greater focus on regional cooperation and integration. MFA staff in Helsinki confirm this new focus, while the allocation of close to 2 million euros for these purposes in 2007 is evidence that these ideas have already gained momentum. To be sure, some issues (Central Asia's many trans-border problems, the water-energy nexus, etc.) cannot be solved on a bilateral basis and require regional approaches. But many “regional” issues (alternative energy export outlets; cross-border transport corridors; intelligence

cooperation regarding drugs, etc.) are best addressed by working up from bilateral links, rather than avoiding them.

However, one regional challenge that will not be solved on a bilateral basis is Afghanistan. Facing grave transnational and internal challenges to its stability, Afghanistan is in many respects the key to the broader region of which it is the heart. As indicated in the study *Evaluation of Finnish Aid to Afghanistan* (Davies, Seppänen, Sherjan, Rintakoski & Brusset 2007), Finland's development cooperation fully recognizes this, with annual support ranging between 11.8-12.5 million euros. Given this, the present study confines itself to one recommendation concerning Afghanistan, namely, for Finland to coordinate more closely its programs there and in the neighboring states of Central Asia.

2.3 Spheres of Activity

Many of Central Asia's concerns today relate directly to the "cross-cutting" themes that are at the core of Finland's development cooperation. Among those meriting special attention are the social effects of labor migration, gender issues, illicit drugs, access to credit, environmental concerns, conflict prevention, border management, and good governance.

2.3.1 Migration and Gender

All of the major focal countries for Finnish development cooperation in Central Asia (and to a degree those in the South Caucasus as well as Moldova) are major exporters of primarily male working-age labor. Demographers studying this movement think it unlikely that many of these young males will return. Whether or not they do, their long-term absence has created a huge number of female-led households in the most impoverished zones of the region. These regions face an imminent food crisis, which may force development partners to shift from project funding to humanitarian assistance. Beyond this immediate concern, it should be noted that the affected regions are precisely the areas where radical Islamist organizers are most active. It is no exaggeration to conclude that the battle for gender equity in Central Asia will be won or lost in these rural areas, and among these female-led households. Female emancipation, then, can best be advanced by supporting their livelihoods. UNDP's limiting of gender programs to expanding the number of female office-holders at the national level reflects neither local concerns nor acute needs. Far better would be to support projects like that of the Tajik National Savings Bank, which is successfully extending credit to female entrepreneurs at the village level.

Overall, Finnish development should be cognizant of the fact that governments in Central Asia, in their efforts to accommodate the reactionary demands of an Islamist minority, are in danger of taking backward steps in the area of gender equity. By closing their eyes to spreading polygamy, declining female participation in education, and

lack of access to credit, they are unwittingly preparing the soil for a rejection of democratization and of modernity as such.

2.3.2 Banking and Finance

One of the most widely appreciated Finnish programs in Central Asia has been in the sphere of banking and finance. Unfortunately, Finland discontinued its engagement in this area as priorities shifted. Meanwhile, Finnish experts in the field of trade and development assert emphatically that the best tool for social and economic development is the productive sector and functioning local businesses. They ask whether MFA projects could not do more to foster an enabling environment for international investment, and to open channels for Finnish firms and expertise to engage with counterparts on the ground.

Finland has great instruments at hand for this activity; Finnfund and the business partnership program are two examples. To date, however, Finnfund's activities are limited to Russia, India, China, African countries, and some of Finland's development partner countries elsewhere, such as Vietnam. Partnership status would undoubtedly elevate the countries of Central Asia and South Caucasus on Finnfund's agenda and thereby enhance their attractiveness for Finnish investors. But independent of this, Finnish development policy could easily be realigned in such a way that it would enhance these regions' attractiveness to foreign investors in general and to Finnfund in particular.

Moreover, the success of Finland's banking project in Kyrgyzstan suggests that similar projects could be implemented in Uzbekistan and Tajikistan. The president of Tajikistan's National Savings Bank expressed much enthusiasm over potential Finnish engagement and promotion of "best practices."

2.3.3 Conflict Management and Support for Peace Processes

With the notable exception of Tajikistan's civil war, Central Asia has largely avoided overt armed conflict but important internal and trans-national tensions remain throughout the region. These arise from a variety of factors, including poverty, poor governance, and ethnic and religious radicalism. They are especially pronounced in border areas, most notably the Ferghana valley region divided between Kyrgyzstan, Tajikistan, and Uzbekistan. Several times over the past generation such tensions have exploded in violence, whether in Namangan, Osh, Andijan, or Jalalabad. Such conflict effectively kills development. Hence, the situation is ripe for constructive interventions in the sphere of conflict management.

2.3.4 Border Management and Narcotics

Finland has notable expertise in border management. Cross-border smuggling and organized crime in both the South Caucasus and Central Asia would therefore appear to be natural areas for Finnish development cooperation. However, the local law

enforcement bodies that are the natural partners tend to be heavily infiltrated by criminal networks. Tajikistan, where a warlord deeply involved with narcotics trafficking was for some time the head of the Drug Control Agency, is only the most egregious example. It is doubtful that Finland could navigate these complex waters through bilateral programs. Multilateral programs under OSCE and UNODC appear worthy, but are limited by their distance from operational realities and from the political forces within regional governments that in fact define the issues. More purely regional efforts, such as CARICC, remain crippled by inadequate coordination and ineffective cooperation among area governments.

2.3.5 Environment

Finland's bilateral activities in the environmental sphere are among the most successful of the projects reviewed. The Development of Environmental Monitoring and Management Systems project in Georgia's Rioni River Basin is in line with local goals and Finland's project complements the work of other development partners well. Whereas many similar projects have been implemented in the eastern part of Georgia by USAID, the Swedish International Development Agency (SIDA) and others, the water resources monitoring in the Rioni River Basin has so far suffered from neglect.

Finland's similar project in Kyrgyzstan was also positively evaluated during the project's first two phases when Finland pursued it on a bilateral basis. One representative of the Kyrgyz State Agency of Environmental Protection and Forestry noted that their Finnish counterpart (SYKE) "embraced all of our objectives." But when the ADB became involved in this project and proceeded to engage an unqualified consulting firm, the Kyrgyz State Agency felt sidelined. According to the Kyrgyz, "[the new consultants] used methods that were out of date even then." Notwithstanding these views, the Finnish MFA's mid-term review (Eskelinen 2005) found this project to be successful and well-received. This difference may trace to the fact that the MFA's list of interviewees includes staff from the Ministry of Environment but no one from the Kyrgyz State Agency, the main implementing partner.

2.3.6 Governance

"Good governance" clearly has a place among Finland's development priorities, but does not appear to be a prominent one. In *Development Policy Programme 2007: Towards a Sustainable and Just World Community* (MFA 2007) there is but one reference (p. 15) to this issue: "*Development policy should promote the establishment of democratic decision-making and good governance in developing countries.*" Later, under "Bilateral cooperation" in section 5.3, it is stated that "*Improved public sector management, transparency and public monitoring are both preconditions for and consequences of programme cooperation (p. 30).*" Notably absent from this formulation is the possibility that improved governance could be a primary objective of cooperation.

An important finding of this study is that the issue of governance, specifically of civil administration, is, and should be, a central concern of all the partner countries in Central Asia and the Caucasus. To understand this issue, a brief diversion into the past is called for.

Beginning in Poland and Czechoslovakia in the late 1970s, the Euro-Atlantic world has been awash with discussions of “civil society,” “non-governmental organizations,” and the like. Today the term ‘civil society’ is used to describe a range of organisations, different from government, including businesses, NGOs, faith institutions and community-based groups. The hope was, and is, that such self-governing and (nominally) self-financing forces could meet essential social needs not addressed by the state administration.

The question came to turn on the “capacity” of such groups, i.e., whether their human and organizational resources were sufficient to meet important social needs. The Millennium Development Goals took this as a key index of progress, while the 2005 Paris Declaration (Salmi & Mikkola 2007) pondered the extent to which the development of such capacity was inevitably an endogenous process, with external development partners playing at best a supporting role. Closer to home, the Finnish Ministry of Foreign Affairs has sought to answer the question of whether or not its Local Cooperation Funds (LCF) help build capacity in civil society.

Extensive interviews with senior officials of countries that are the subject of this report produced surprising findings. Most spoke of civil society and its development in Central Asia and the Caucasus with what they considered the requisite degree of respect. They had mastered the jargon of the subject and fluently offered what they thought was expected from them. But they all took the first opportunity to shift the discussion from institutions outside the state to the government itself.

In doing so they posed the rhetorical question: “What institutions in the country can do most either to foster or to prevent the development of market economies, the rule of law, and civil and democratic institutions?” Their unanimous answer was “the state.” By this they meant civil administrators, ministries, courts, and bureaucrats from the capital down to the lowest village level. Not one interlocutor, including young reformers in each country, doubted that shortcomings in this area were responsible for many of their nations’ most acute problems, while progress in this area would do more than anything else to enhance social well-being.

The contrast between regional and international views on this matter is striking and would be worrisome were it not for the fact that international views themselves are shifting, and in the directions espoused by Central Asians. Recent writings by World Bank economist Ashraf Ghani (Ghani & Lockhart 2008), until recently Afghanistan’s reforming Minister of Finance, point the direction. Like many of the best minds in Central Asia, he considers the development of effective state institutions to be the

essential condition for the development of civil society, and not vice versa. Leading academic specialists on development have reached the same conclusion, as a consensus on the importance of state institutions has developed (eg. Fukuyama 2004). This insight has important implications for Finland's future programs of cooperation in Central Asia, the Caucasus and Eastern Europe.

2.4 Finland's "Value Added" and Public Awareness

Finland's population, which closely approximates in size that of the Kyrgyz Republic, Tajikistan, Turkmenistan, and Georgia, makes it an ideal development cooperation partner for these states. Local leaders expressed the view that Finns can more readily understand the needs of smaller nations and that this results in a working bond which they consider significant. There is also a good level of awareness within the region of Finnish excellence in the fields of governmental administration, vocational education, Information technology (IT), techno-parks, forestry, water management and hydropower, alternative energy, and healthcare. Georgian, Kyrgyz and Tajik officials all suggested that Finland should embrace these strengths and assume a greater role in promoting these areas as part of its overall program of development cooperation.

Interestingly, most of the areas which regional leaders identify as Finland's strengths are directly or indirectly related to the productive sector. The EU now seeks to develop one-on-one business relations with the region. It would appear that these areas of acknowledged Finnish excellence are the best point at which to begin, prioritizing those in correspondence with Finland's goals and making exceptions for those of urgent concern to local needs.

But what about the record to date? Has Finland achieved leverage and 'value added' in its various projects? There is ample evidence of Finnish leverage in some of the projects evaluated. In the lung health program, for instance, Finland's commitment generated some additional limited financial support from the World Bank and the World Health Organization (WHO). This project might yet engage further funders and be extended to other countries beyond Kyrgyzstan and Tajikistan.

Other instances of Finnish leverage include the women in decision-making project in Kyrgyzstan, where SIDA and UNDP are reported to have contributed additional funds after Finland joined the project. Finnish "value added" is especially clear in the environmental field, especially in water management and forestry. In Georgia as well as Kyrgyzstan, Finnish projects contributed unique competence and skills in areas neglected by other development partners.

Finnish cooperation initiatives have also generated 'value added' in some areas that do not appear on the above list. In Georgia, Finland supported projects concerning the integration of minority peoples that were closely in line with the priorities of the national

government and which produced positive outcomes that could serve as models for future programs elsewhere.

Summarizing the findings of this evaluation, it is clear that in all types of projects the degree to which Finland creates true value added is directly proportionate to the amount of human resources it is willing to invest in the endeavor.

A legitimate concern of Finnish taxpayers is the degree to which regional and institutional partners acknowledge Finland's contributions to development in the countries in which it is active. One can cite notable instances of international financial institutions and local partners duly acknowledging Finland's support. But this survey found many contrary examples as well. What is beyond doubt is that the Finnish role is more directly and convincingly acknowledged in bilateral projects, in projects with only two or three development partners, and in projects that directly engage Finnish organizations and individuals at the implementation stage. Regional officials, partners and the general public are more conscious of Finnish involvement when the above conditions exist.

2.5 Fundamental Approach and Strategy

MFA staff demonstrate a laudable concern for efficiency in the expenditure of cooperation funds. In practice this is equated with lean staffing at the MFA and a low ratio of staff costs to project expenditures. This in turn produces three corollaries: first, low staffing places a premium on projects which come to the MFA already partially or fully formed, usually by major international agencies; second it can lead to inadequate "due diligence" with respect to proposals and their business plans, as well as to sponsoring bodies; and, third, it lowers the level of monitoring once projects are underway. Viewed as a whole, this approach is like that of a responsible but cautious banker, seeking reliable returns but avoiding the more venturesome investments that are potentially transformational. The resulting program is responsible but exposed to risks. It produces predictable results but does not uncompromisingly advance Finnish or local goals, or maximize impact and effectiveness.

In light of this, it is worth pointing out again that there is a high correlation between active Finnish involvement in the early stages of projects and their later overall effectiveness. Not only do such projects better serve the objectives of Finland's development cooperation but they tend more closely to promote concrete goals in partner countries as well. Specifically, Finland's overall contribution is most effectively leveraged when the MFA or Finnish experts have been actively involved in the identification and definition of projects. Typical of many projects that bear out this conclusion is the Rioni river project in the Caucasus, the only bilateral project in that region, which earns universal praise from local officials and experts for its usefulness and overall effectiveness.

This suggests an alternative approach to development cooperation, one which would significantly focus resources on the identification, definition, and early development of projects rather than on long-term funding. This possibility is detailed in the “Recommendations” section of this report.

3 RECOMMENDATIONS

3.1 Mode of Implementation

Primacy of bilateral implementation. For the reasons cited in the Conclusions section above, bilateral, country-to-country cooperation should form the core of Finnish development cooperation in the regions under consideration. This accords with local views and promises the greatest “value added” as Finland interacts more closely with countries of roughly its own size.

Implementation through collaboration with international financial institutions, multilateral development partners, etc. Such arrangements are inevitable and desirable, given Finland’s size and its international commitments. However, many such endeavors have aroused local skepticism over what is perceived as their profligate spending habits and insufficient engagement with local priorities. To minimize these problems, Finland, when participating in larger projects, should seek to fund discrete elements within them and expect them to be subject to more rigorous standards of accounting and reporting. In cases where host country interest and support has withered Finland should be quick to distance itself from the project.

“Transplant-projects”. Successful projects that have been developed in one country might usefully be replicated in other countries of the region. Thus, the Finland-sponsored Lung Health Project now nearly completed in Kyrgyzstan, could move its well-trained staff to Tajikistan to conduct the same program there at reduced costs.

Avoiding “balloon projects”. Before providing first-stage funding for large multilateral projects, Finland should carefully scrutinize them to make sure that benefits are not fully postponed to some later phase that is unfunded, or that they achieve their goals only when a costlier “balloon” phase has been completed.

Implementation through Finnish NGOs. Finland’s strategy for development cooperation suggests a larger role for Finnish NGOs. It is therefore recommended that Finland expand collaborations between its NGOs and proven and reliable local NGOs in recipient countries. Roving ambassadors rather than MFA staff in Helsinki, together with Finnish NGOs with experience on the ground, are the best judges of a local NGO’s worthiness. To avoid the widespread lack of transparency in the locally based

NGO sector and the many recent examples of outright corruption, the MFA must demand far more rigorous accountability of local NGOs than has existed to now, and support greater oversight by Finnish NGOs over their local partners.

Sensitivity to regional concerns over faith-based NGOs. In addition to the widespread regional perception of corruption in the locally based NGO sector, local officials and intellectuals are deeply concerned over the use of NGOs for the promulgation of radical or nonconforming religious views. Faith-based Finnish NGOs may therefore wish to explore new organizational and operational modes that are compatible with this regional reality.

Use of local administrative capacity. Since Finland's 2007 Development Policy Program (MFA 2007) calls explicitly for the use of local personnel in project implementation, the MFA should actively push for this when contracts are framed and expect reports on this as projects are implemented. Related training and apprenticeships/pairings will further expand local capacity. In this way, Finland can minimize the use of expensive foreign personnel and consultants and provide new forms of employment for skilled locals who might otherwise emigrate.

3.2 Geographical Focus

Focus on Central Asia. The greatest "value added" for Finnish development cooperation in the successor states of the Soviet Union lies in Central Asia. It is therefore suggested that Finland pays special attention to that region. Within Central Asia, Finnish development cooperation should focus on the Kyrgyz Republic, Uzbekistan, and Tajikistan.

A short-term focus on Turkmenistan. Looming energy wealth will soon enable Turkmenistan to move forward without significant foreign assistance. But thwarted development during the first fifteen years of independence has left a gap that international cooperation can help bridge. It is suggested that Finland provide short- and mid-term support to Turkmenistan in the fields of education and vocational training, IT, and production-related endeavors, but that such support be phased out as Turkmenistan's national income begins to soar.

Special challenge: Uzbekistan. The central location, large population, and ample challenges in the economic and social sphere of Uzbekistan give all developments there a region-wide significance. Notwithstanding complications that have arisen in the past between Uzbekistan and international aid organizations, Finland's experience to date confirms that careful coordination between Finnish development efforts and the government of Uzbekistan hold good prospects for the future. Such coordination should now be more systematically developed, beginning with confidence-building projects and expanding into more extensive projects in the future.

Coordination with the Afghanistan desk. Increased Finnish development cooperation with Tajikistan, Uzbekistan, and the Kyrgyz Republic will have significant implications for the broader region, and notably for Afghanistan. Finland is the seventeenth largest development partner to that country, ranking far higher in per capita terms. The scale of Finnish commitment and presence that is now contemplated will open creative possibilities for enhancing Finland's development cooperation on a regional basis across an emerging "Greater Central Asia." In light of this, it is recommended that organized and regular interaction be arranged between those responsible for Finland's cooperation initiatives in Tajikistan/Uzbekistan/Kyrgyzstan and Afghanistan.

Continuation of activities in the South Caucasus. The Georgian government has in the past several years made unique strides toward reform, and is the regional country best positioned for European integration. If Finnish development cooperation continues in the South Caucasus, it should be focused on Georgia, specifically in the environmental, water, and hydroelectric sectors, where needs remain large in spite of the overall large presence of major development partners in the country.

3.3 Spheres of Activity

Business and private sector-led activities. In general, positive, lasting outcomes arise when development cooperation directly stimulates the productive sector. Finland should heed the interest of local Investment Councils and other bodies seeking closer ties with their counterparts in Finland, and should foster the kind of opportunities to cooperate with, and benefit from, Finnish expertise in business and management to which Finnfund, Finpro and like Finnish organizations are able to provide access. Finpro mainly specializes in seeking international business opportunities for Finnish firms, but in this role, with ties to Finland's Ministry of Trade and Industry and offices in many Finnish Embassies, it networks with local partners including multilateral banks facilitating access to Finnish know-how and products. In the Central Asia region, with already an office in Kazakhstan, managed by a Finnish-trained local, it has potential for boosting the productive sector of the region through collaboration in development. Another important objective should be to increase Finnfund's engagement with the region and to link it more closely with initiatives in the sphere of development cooperation.

Good governance. Finland's specified fields for development cooperation include "good governance," an issue of overwhelming importance to every country in the region. Untrained, underpaid and alienated bureaucrats at all levels, and particularly in the provinces, can do more than anyone else to undercut the rule of law, democratic institutions, and a functioning market economy. Very few Finnish cooperation projects directly address this issue, even though both governmental officials in the region and reformers outside the governments place it at the top of their agenda and consider it the number one priority for international development partners. Finland should

therefore respond with urgent technical assistance for the reform of public administration. Specific proposals include 1) the development of public monitoring and evaluation systems for all civil servants 2) reform of the civil service's wage structures and expansion of the salary pool, and 3) improved training both at the national civil service academies and at institutions in Finland, as well as internships, exchanges, etc.

Promotion of volunteerism and civic-mindedness. As a partial alternative to the one-sided support of NGOs working outside of the state, Finland should promote forms of volunteerism and civic-mindedness which seek to work *with* the state and public sector (e.g. the Urban Institute in Tajikistan, a non-governmental entity supported by USAID). This focus would also introduce an element of synergy to Finland's promotion of good governance and civic volunteerism which hitherto have been conceived as separate spheres of activity.

Migration and gender. In light of the soaring number of female-led households in rural Central Asia, Finland should focus its programs for gender equity on precisely these women. Besides immediate humanitarian assistance, they urgently need access to credit, preventive medicine and medical care, and training in basic accounting and business development. The latter is especially important, as they may create the sole means of enabling women to generate legal income as remittances decline or cease altogether, and as absent males form new households elsewhere. All of these, and especially business development, are areas in which Finland's potential "value added" is high. A focus on this female demographic group will accord with "Finland's National Action Plan 2008-2011" (Ministry of Social Affairs and Health 2008) and with the UN Security Council's Resolution 1325 (UNSC 2000) "Women, Peace, and Security." Microcredit has been especially helpful in this crisis situation in Tajikistan. Support for is the best means of building female-run small businesses and alleviating rural poverty.

Conflict management in the Ferghana Valley. Threats to regional stability arising from the Ferghana Valley are noted in the Findings and Conclusions, above. At present there exists no channel for regular communication on practical issues among the three states that divide the Valley. A Consultative Council could meet this need by involving regional governors, officials from the three capitals, and responsible members of local society. While such a Consultative Council can only be formed at the initiative of the three states, Finland, with its well-earned reputation in the areas of conflict management and the administration of complex borders, could play a critical role in its creation and development. A series of low-keyed meetings held outside the region could begin the process of generating trust. Such consultations could also explore the possibilities for opening more regular channels for addressing a range of practical issues, beginning with family contacts, border trade, and sports. If supported by Finnish development cooperation, a Ferghana Consultative Council will be a promising and at the same time carefully limited sphere for the application of Finnish "value added."

3.4 Finland's "Value Added"

Leading from acknowledged strengths. The MFA should note the high regard throughout the region for Finland's excellence in the fields of governmental administration at all levels, education and teacher training, vocational training, IT, technoparks, and health care. Finland's potential "value added" is especially respected in the environmental field, including key sectors such as water management, forestry, and alternative energy. A simple example of how this could be applied, suggested in two Central Asian countries, is for Finland to help regional states bring tree harvesting to international standards. Senior Uzbeks, meanwhile, speak glowingly of possible future collaborations in the field of alternative energy. Under any circumstances, the MFA would do well to focus on programs in those areas of Finnish strength that lend themselves to bilateral initiatives and projects involving Finnish institutions and NGOs.

The growth of Finnish business (both trade and investment) in both Central Asia and the Caucasus has been slow. Yet this is the point of intersection between Finland's interests and those of countries in the region, and between sustainable projects and sustainable relations. The MFA should collaborate with other relevant agencies to forge links between development cooperation and Finnish business in the region.

Finally, the MFA should insist that Finnish experts be engaged on the ground in all multilateral projects to which Finland contributes. Besides promoting the application and further development of Finnish expertise, this will create a much-needed channel of information, alerting the MFA to problems and also to possibilities for further engagement.

3.5 Fundamental Approach and Strategy

"Development venture capital". Given Finland's limited resources (compared with international financial institutions and larger countries) and its ambitious goals in the area of development cooperation, the MFA should recognize and embrace its role as a "development entrepreneur" rather than as passive funder. As such, it should focus more energy and resources on identifying, shaping and facilitating projects in which others might then become involved.

This requires expanding the MFA's development staff. This in turn implies the acceptance by the MFA of a higher staff cost/grant ratio as an appropriate and even essential investment rather than an inconvenient expense. The policy paper *Development Policy Programme 2007: Towards a Sustainable and Just World Community* (MFA 2007) partially anticipates this step. It states that "Responding to the qualitative and quantitative demands of the Government Programme will require greater resources" (p. 36). However, it then proposes that "the Government will allocate up to 5 per cent of the increase in appropriations for development cooperation to strengthen administration."



This figure barely keeps pace with the increased work of an expanded program, and will have to be significantly raised to achieve the benefits and efficiencies proposed here.

In addition to expanding the development staff, the MFA should take steps to deepen its members' knowledge both of the partner region and of the tools that might be applied to maximize the effectiveness of Finnish development cooperation. Again, the 2007 paper anticipates this step:

“Changing development policy methods demands the creation and development of new kinds of competence and understanding. This means gaining a broader and deeper knowledge of society and public administration in partner countries.” (p. 36)

Such a staff should also benefit from Finnish expertise in the diverse fields relevant to the development program. This can be accomplished by expanding and activating existing advisory bodies.

Finally, the approach suggested here must be reflected not only in the program itself but in the manner in which the MFA evaluates the work of its staff in implementing it. Such evaluations would place greater stress on the creative use of Finnish funding to identify and formulate programs in significant but neglected areas, on the development of bilateral programs that maximize Finnish “value added”, and on programs that lead to constructive engagement by Finnish entities in the productive sector. In short, it would place a greater premium on the use of Finnish resources as venture funding to be used to sponsor projects in their incubation period and less emphasis on their use as long-term sustaining funding.

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ANNEX 1 – TERMS OF REFERENCE

Evaluation of Finnish Development Cooperation in Central Asia, South Caucasus, and Eastern Europe

1. Background

1.1 Political and economic context

After the disruption of the former Soviet Union, the Central Asian countries were left with huge challenges to build up and strengthen their weak institutions. During the Soviet regime, the administration greatly depended on the central administration in Moscow. The public institutions had only very limited resources and capacities on which to build. Furthermore, when the Soviet system collapsed the whole administrative model had to be reformed. In some countries, the level of the institutions is still lower than twenty years ago. There are enormous need for education and training, innovative thinking and institutionalisation of new administrative models and familiarisation with new technologies.

The eleven countries of the region reach approx. the middle level in the international comparisons (corruption, democracy, human rights) but mostly they are on the lower end of classifications. Some of the countries are poor, comparable with the Finnish development partner countries the GDP being around 400–1000 USD, some belong to the MIC-countries. To secure the political and economic stability the countries face huge challenges in invigorating the productive life and improving the infrastructure, developing the rural livelihoods and decreasing the inequality of the population. In addition, the region has serious environmental problems. Disputes about the natural resources, especially water, are hampering the development efforts. Problems that have a direct or indirect effect also on Finland are for ex. drug trafficking, migration, criminality and spread of fundamentalism and related risks of terrorism. Human trafficking and HIV/AIDS can be added to the list of issues that are taking a toll on the social structure of the region.

1.2 The Finnish development aid in the region

The main emphasis of the aid to individual countries has been on Central Asia and South Caucasus but also Ukraine, Moldova and Bela Russia have been included in the support programme.

The development aid to the region was initiated in mid 90'ties. The first target country was **Kyrgystan** where Finland supported since 1997 the banking sector together with the World Bank. The support to this sector was soon followed by the environmental support programme in cooperation with the Finnish Environmental Centre (SYKE)

and later by other aid interventions (Lung Health Programme/Helsinki Consulting Group, Advocacy and Legal Advice Center/Transparency International, Promotion of Women in Decision Making/UNDP, Airborne Geophysical Survey/Geological Survey of Finland). Gradually other countries in the Central Asian region were considered in allocation of the Finnish ODA funds to a diverse number and themes mostly with UN leadership but also bilaterally:

- **Tajikistan** (Cotton Farm Debt Resolution Strategy – a multidonor undertaking, Social Consequences of Migration in Tajikistan/ILO, Tajikistan Drug Control Agency/UNODC);
- **Uzbekistan** (Human Trafficking Prevention/UNDOC, Occupational Safety/ILO, Friendship Bridge at the Uzbek-Afghan border/ODCCP).

In the South Caucasus and the Eastern European area the following countries have received Finnish aid funds:

- **Georgia** (Environmental monitoring systems/SYKE, Training of Georgian policemen in Estonia/UNOMIG, European Neighbourhood Policy/Transparency International, Regional Media Development & Public Accountability Project/IWPR);
- **Armenia** (Decent Work Country Programme/ILO);
- **Ukraine** (Development of Social Services for Children and Families at Risk/STAKES) and
- **Moldova** (Training of Young Moldovan Diplomats and Civil Servants in Estonia).

A part of the financing was allocated for **regional programmes** in the whole area, mostly jointly with EU or UN agencies. The EBRD's Fund for Early Transition Countries and the Cross Caucasus Journalism Network Programme of IWPR (Institute for War & Peace Reporting) got funding from EU and Finland. So did IOM's Programme for Promoting Legal Migration. Finnish ODA funds have benefitted the Environment and Security Initiative of the Amu-Darya river basin (part of UNEP/UNDP – ENVSEC programme) as well as the Establishment of a Central Asian Regional Information and Coordination Centre by UNDOC. The purpose of the last mentioned initiative is to prevent organised criminality, especially illicit drug trafficking. Finland supports also other activities of UNDOC in the region. The activities of UNFPA (Sexual and Reproductive health of Adolescents and Young People) and UNIFEM (Women for Conflict Prevention and Peacebuilding in the South Caucasus) have received funding from Finland. Finland has also financed seminars of UNDP/UNTOP on problems between the Central-Asian countries and Afghanistan. Through FRC Finland has contributed to the financing of ICRC's Mine Victim Assistance and Awareness Programme in Northern Caucasus. Finland organised a seminar on the Border Control for a group of Central-Asian countries in 2002 and a regional seminar on conflict prevention by Ahvenanmaa Peace Institute.

In addition, nearly all Central Asian countries receive **Local Development Funds**, which can be used to support projects of the local initiatives, mainly by the NGOs. The LDF is an instrument, which can be used by the embassies and the Roving Ambassadors for the region.

The development policies of the Finnish Government have provided the baseline and guidance for directing the aid and selecting the targets for assistance. Finland has no embassies in the region except for Kiev. Consequently, Finland has no possibilities for close follow-up of its aid interventions. In addition, the resources of the unit in the MFA responsible for the development activities in the region are quite limited. These two facts have affected and still affect the approach and decisions of the MFA on how to give support to the Central Asian countries. Largely Finland has therefore relied on inter-institutional cooperation or on joint development efforts with international financing institutions, UN or EC. This framework provides the MFA with possibilities to participate in big reform programmes without having to shoulder heavy administrative duties. However, Finland and the Finnish institutions have comparative advantage in inter-institutional cooperation due to the long experience with the Soviet Union. This potential has been tapped to some extent and in future there better possibilities for it as a new instrument has been recently established for the purpose.

2. Purpose and Objective of the Evaluation

The evaluation of the Finnish development cooperation in Central Asian countries is desirable for many reasons. A number of bilateral project evaluations have been carried out by the Unit responsible for the development activities, but there is so far no proper comprehensive evaluation of the Finnish aid interventions and funding for the region. The activities have reached a point where new outlines for future are being shaped. This evaluation is expected to contribute to the policy and strategic dialogue and choices as well as to the planning and design of the future development cooperation in the region. In addition, the fresh Development Cooperation Policy (2007) gives an impetus for an evaluation to assess how various aspects and features of the previous policy were taken into account and in which respect the new policy requires adjustments and changes in the approach of the aid to the region.

The specific objectives of the evaluation are:

- enhanced information on the efficiency and effectiveness of the Finnish aid to the region
- informed knowledge on how the aid has responded to the acute needs of the countries/region
- better knowledge on how the Finnish contribution has been able to complement the efforts done by others
- recommendations that could assist the MFA in its future decisions of aid targeting and aid modalities, programming, planning and design as well as in monitoring and evaluation of the support activities.

3. Scope

The scope of the evaluation concerns the period from the initiation of the cooperation activities by the mid 90'ies until the present. It should cover at general policy level all the countries in the region, which have received Finnish aid, including the regional programmes. To limit the wide and very diversified scope of support programme a selection of countries and sectors will be analysed more in depth. The main emphasis shall be on the Central Asian countries. The other countries can be included in the evaluation on the thematic basis. From the themes the focus will be on training, environment, gender, drugs and human rights and good governance.

4. Methodology

The evaluation team shall familiarise itself with the Finnish development policies, regional and/or country strategies as well as sector strategies valid during the period which concerns this evaluation and which are the most pertinent for the task. The team has to identify and study also the relevant planning documents and documents produced on policy discussions between the MFA (incl. possible Finnish missions involved) and the recipient country or development partners. The results of this analysis will be verified by interviews with policy makers who were involved in the selection of interventions and country discussions/negotiations. It would be useful to prepare country fiche for each country showing the most important issues/criteria and scores. This could serve as a database to evaluate concentration, allocation of funds, aid forms and the duration of support and to deepen further the information required. All this can be done as a desk study followed by discussions with pertinent staff members of the MFA in Finland or presently abroad (by e-mail).

The desk study is to be followed by country visits (max 3–4 countries). During the country visits, special attention is to be paid to context factors that have direct bearing on the achievement of the objectives of the Finnish interventions. Furthermore, concurrence of the Finnish policies and the development policies of the recipient country/the co-donors shall be assessed and an analysis carried out on their effect on results. The aim and composition of the interventions is to be studied as well as the implementation processes. To the extent possible, a study of available budget analyses of the sectors in question should be conducted. Interviews with key informants of other donors, government policy officers and civil society organisations are an essential source for obtaining required information. If need be different methods can be used for each particular country. The evaluation team should consider whether it would be beneficial, for comparative purposes, to concentrate on a number of interventions in the same sector in each country or if this is not feasible then analyse the same aid instrument and its influence in a number of countries.

The interventions could be selected on the following criteria:

- uninterrupted aid relationship during a longer period
- the selected sector/aid instrument is present in more than one country.

The consultant is free to propose other comparative methods, as it deems feasible.

As the majority of the Finnish funding has been directed through some international organisations (UN, EU, WB etc.) or IFIs (Institution for Institution cooperation) the main focus shall be on policy and strategic choices and on the ways/methods the MFA has used in targeting and managing its part in the cooperation, how it has contributed to essential decisions and dialogue with the recipient country/co-donors and financing partners. The team is expected to assess the effectiveness, sustainability and impact of the aid methods and instruments. To the extent possible, the OECD/DAC development aid evaluation criteria will be used. Special attention shall be paid also to the Finnish added value in the interventions i.e. to which extent the MFA has been able to utilise the Finnish know-how.

The final analysis and synthesizing the findings of the country visits and formulating the conclusions and recommendations will be the final phase of the evaluation.

5. Evaluation issues

5.1 Policy issues

Country Selection /Concentration; Which are the criteria/rational guiding the targeting of the aid to certain countries?

Concentration on sectors; Is there a conscious trend to concentrate the aid on certain sectors ?

Choice of sector/project; Is the choice of sector in line with the preferences and priorities of the recipient country's government? Is the selection demand -driven? How do these choices respond to the acute needs in those countries? What role does the ownership of the recipient country play? What role does the Finnish value added play in the selection of the sectors or otherwise?

Aid instruments; What factors affect the choice of the aid instrument? The rational behind the choice of aid modalities? Is the MFA/the recipient country preferring certain aid modalities? Why?

Donor coordination and harmonisation; What factors influence the scope or intensity of the MFA in donor coordination? What has been the Finnish policy towards harmonisation of aid in Central Asia?

Long-term commitment: Is there a recognisable trend to long-term commitment in financing or what factors affect the duration of the interventions? Or the structure of the support programme?

5.2 Overall development objectives of the aid

Preconditions: Has Finland specific preconditions for the development cooperation with the countries in Central Asia? Like existing poverty reduction strategies or equivalent?

Promotion of ownership: Has the MFA paid special attention to the role of the recipient government to manage the development in sectors that are supported by the Finnish aid? In which way?

Conducive environment for development; Aid for Trade; private sector development: Has the MFA emphasised and how the importance of creating the conducive environment for development in general and for the private sector in particular? What role has the aid for trade efforts played in targeting the Finnish assistance?

Strengthening of the Capacity of the recipient government: Has the MFA put special emphasis on the capacity/institution building of the recipient government and how the developments in this field have been followed?

Crosscutting issues (environment, gender etc.): Are the crosscutting issues discussed in the dialogue with national authorities/ the possible co-donors/ stakeholders? Are they considered relevant/essential for achieving results? Have they affected the choice of projects or contents of the whole programme in the region?

Finnish value added: Has the Finnish value added been a central element in selection or targeting of the aid? What is the Finnish value added and complementarity in the overall aid portfolio?

6. Implementation and M & E of the Finnish support

- What kind of implementation modes have been preferred and why? Is there any consistency/coherence in the choice of aid instruments?
- To what extent the MFA has applied or required from the financing or cooperating partners a needs analysis/participatory methods/risks analysis before taking decision on financing?
- If Finland has relied entirely on national authorities/stakeholders or other donors in the implementation of the Finnish support, how has the MFA defined its role and

responsibilities: solely as a passive financing organisation or a donor recognising the accountability for the results and effectiveness?

- Does the MFA take part in the regular M&E activities carried out (in cases where Finland is co-donor)? How is the M&E arranged in cases where Finland is the sole donor and does not have an embassy in the country? Are there a set of clearly defined/agreed indicators to facilitate the follow-up/reviews and evaluations? The evaluation team is to assess the efficiency and effectiveness of the arrangements.

7. Evaluation criteria

Relevance; Which factors the MFA has emphasised to secure the relevance of the financed interventions? Has the MFA influenced the decisions of the co-donors? What role does the interests of the national authorities of the country in question play?

Efficiency; Which factors have affected – positively or negatively – on aid efficiency? Has the Finnish support been managed and implemented in an efficient way? If not, what are shortcomings and possible reasons for them? Assess separately the financing, the management and implementation. Assess, to the extent possible, the changes in the transaction costs for the recipient country's government.

Effectiveness; Which factors have been considered significant to achieve aid effectiveness? Is the issue raised in the discussions with the authorities/financing partners in countries in question?

In which aspects there are strengths or weaknesses and why? To what extent can the identified outcomes be attributed to the outputs of the intervention? If the intervention is undertaken jointly with the other donors the team has to assess to what extent the scale of the Finnish contribution to the activities and financing can be specified.

Impact; To what extent has the Finnish support been able to impact poverty reduction/institution or capacity building/policy or strategic changes in the sector? Assess the impact against the country setting and financing/implementation arrangements and choice of the aid instrument.

Sustainability; To what extent the outcomes and results of the various Finnish interventions can be considered to be sustainable? Which factors contribute to it? If the Finnish support is part of the financing of a larger programme where there are other donors involved, assess whether the donors jointly have considered various sustainability factors. To what extent has the recipient country itself influenced the sustainability? In which respect there are shortcomings and why?

Cross-cutting issues; the importance/role of cross-cutting issues must be considered in connection of all the above criteria.

Coherence, Coordination, Complementarity; Have these issues been considered essential in the initial phases of selection and planning of interventions and followed through the implementation? What kind of coordination mechanisms there were? What was the role of Finland in it?

Risk Management; In the design phase the basic assumptions and risks are usually analysed. Has this been the case in the Finnish support to the countries in the region? Has a proper risk management method been established and followed up?

8. Work Plan and reporting

The evaluation is expected to be carried out between August – December 2008. As can be concluded from the methodology above the evaluation shall be carried out in three phases. Working documents will be produced as listed below:

- the inception report within a couple of weeks from the signing of the contract
- the draft final report within a month from the country visits
- the final report within a week from the written comments on the draft final report.

A debriefing session shall be arranged at the end of each country visit, if possible and relevant. A seminar where results of the evaluation will be discussed will be arranged when the draft final report is available.

The main report shall not exceed 50 pages, annexes excluded. Figures, flow-charts graphs and other visual means are encouraged to be used to clarify matters rather than long verbal expressions.

The evaluation team shall exercise discrete manners while carrying out the task so that the views and opinions of individual persons are not disclosed without their prior consent.

The report shall be submitted in five (5) hard copies and in the electronic format both as MS Word Office and PDF files. The report shall be written in English, and the quality of the language must be checked and the editing of the report must allow printing without further editing.

In reporting the models described in the Evaluation Guidelines “Between Past and Future” of the Ministry shall be used intensively to structure the evaluation process and the various reports (available <http://formin.finland.fi/public/default.aspx?nodeid=15454&contentlan=2&culture=en-US> or as a hard copy, which can be requested from KEO-08@formin.fi).

The reports shall be concise and clear and the final report shall not exceed 45–50 pages, excluding the annexes. It is important that the report is clear in defining its findings, conclusions and recommendations. Vague language should be avoided. Table formats may also be used for clarity.

The report will include an abstract in English, Finnish, and Swedish, and an executive summary in English and Finnish.

The Team Leader is responsible for the final product of the evaluation i.e.the Final Evaluation Report.

Instructions to be followed in the layout and design of the final evaluation report will be provided separately on request by KEO-08@formin.fi

The evaluation team is expected to check the quality of the evaluation report against the nine (9) criteria of the EU. It can be found at the web page of the evaluation unit of the Europeaid: http://ec.europa.eu/europeaid/evaluation/methodology/guidelines/gui_qal_flr_en.htm The consultant shall also fill in the form relevant to these criteria.

The quality standards of development intervention evaluation of the OECD/DAC (2006) prevail throughout the evaluation. Standards can be found from the web page of OECD: <http://www.oecd.org>

For the prior evaluation reports send a separate request by e-mail to KEO-08.

Further information concerning Finnish Development Cooperation and policy, procurement policy and earlier evaluations can be obtained from <http://formin.finland.fi>

9. Expertise needed

The evaluation team shall consist of maximum three persons who are very well conversant with the development environment in the Central Asian countries and have also personal work experience from the region. At least two of the team members must have solid experience in aid evaluation. The team leader must have experience in leading evaluations, preferably in various contexts. The team shall have demonstrable experience on some of the central substance areas of this evaluation. At least one of the team members must be fluent in Finnish language and well conversant with the Finnish aid policies. The team shall have male and female members and preferably one team member or assistant(s) to the team from one of the Central Asian countries. Team members must have both oral and written fluency in the English language. In addition, at least one of the team members must have knowledge of Russian language.

10. Budget

The maximum budget available for the evaluation is 120 000€ that cannot be exceeded.

11. Mandate

The team shall have discussions with any persons pertinent to this evaluation. However, the team has no mandate and no authority to make commitments or statements on behalf of the Government of Finland.

Helsinki 3.6.2008

Aira Päivöke







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