

HOW DOES FINLAND SHOULDER ITS GLOBAL RESPONSIBILITY?

The Development Policy Committee's
interim review of progress concerning
the development policy statements
contained in the Government Programme

November 2021



DEVELOPMENT
POLICY COMMITTEE

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Abstract

In this paper, the Development Policy Committee (DPC) focuses on the development policy items contained in the Government Programme and makes an interim assessment of their implementation. We also make recommendations on how Finland can better meet its international commitments, assume its global responsibility and increase the effectiveness of its development policy as part of the implementation of the UN's 2030 Agenda for Sustainable Development.

Aspects of the Government Programme under review include Finland's Africa Strategy, the Report on Development Policy across Parliamentary Terms, the Development Funding Roadmap, and the allocation of development funding.

According to our assessment, the government has made good progress in implementing these, but there is still work to be done. *The most important thing now would be to draw up a clear roadmap across government terms to increase development cooperation funding to the UN recommended level of 0.7 per cent of GNI by 2030.*

In the DPC's view, special attention will also need to be paid during this government term to clarifying the responsibilities and division of labour for development cooperation and policy in external relations and, more broadly, across policy sectors in central government (including Finland's global responsibility and international implementation of sustainable development). The role, monitoring and effectiveness of international climate finance must also be clarified.

The DPC commends the government for preparing the Report on Development Policy across Parliamentary Terms. It brings continuity to development policy priorities and

encourages multidisciplinary cooperation across administrative sectors and stakeholder boundaries in the spirit of sustainable development. Closer collaboration between development cooperation, humanitarian aid and peace processes is also one of the key innovations of the report. Education, climate change and biodiversity now feature more strongly than before. *It is also positive that the goal to double the level of funding for the Taxation for Development Action Programme of the Ministry for Foreign Affairs (including the Addis Tax Initiative) is about to be met.*

The report recognises that humanitarian needs will continue to grow due to such things as climate change, conflicts, disasters and epidemics. *It is important that Finland maintains its commitment to humanitarian aid and is prepared to increase it as needed, as in 2020. As crises become more chronic, we need greater flexibility between different funding streams and durability of humanitarian funding.*

According to the DPC, the main measures and monitoring priorities across government terms include development funding and the development of its various forms. It is also important to monitor the distribution of funding and its allocation in the form of donations and financial investments as well as between the actual development cooperation managed by the Ministry for Foreign Affairs and other development cooperation. The different forms of funding must promote the main goal of development policy, namely to eradicate poverty and reduce inequality, and complement each other coherently, taking into account cross-cutting goals. The human resources of the Ministry for Foreign Affairs must be adequately allocated to development policy, its priorities and key themes as well as for performance and statistical monitoring. If necessary, an increase in staffing should also be considered.

The monitoring of development funding must be made clearer across the board. The Ministry for Foreign Affairs must develop statistical communication for stakeholders and the wider public. A development assistance portal open to all must be made available as soon as possible, and statistical communication to stakeholders and the wider public should become an integral part of it.

The implementation of the Africa strategy must be more clearly linked to the goals of the 2030 Agenda than they are in the current policy so as to strengthen coherence and potential synergies between the different external relations sectors in line with the principles of sustainable development.

As regards development policy, it is important to remember that the coronavirus pandemic in developing countries continues to be serious. Finland has channelled its COVID-19 funding particularly into international vaccine cooperation, the COVAX mechanism, which aims to promote equal and rapid access to coronavirus vaccines for all countries and to support and strengthen global vaccine production and distribution. However, the vaccine quantities remain insufficient, and vaccination rollout in the poorest countries has hardly begun. Finland must shoulder its responsibility by increasing its support for COVID-19 measures in developing countries, which would be promoted, for instance, by patent flexibility concerning COVID-19 products.

Introduction

One of the main tasks of the Development Policy Committee (DPC) is to monitor the implementation of the Government Programme. In line with its mandate, in this opinion by the DPC focuses on the development policy statements of the Government Programme and an interim review of how they have been carried out and makes recommendations on them. The statements are based on Finland's international commitments and are of particular relevance in terms of Finland's global responsibility and effectiveness as part of the implementation of the UN's 2030 Agenda for Sustainable Development. The statements under review include Finland's Africa Strategy, the Report on Development Policy across Parliamentary Terms, the Development Finance Roadmap, and the allocation of development funding. We also examine Finland's support for the multilateral system and the implementation of the special priorities specified in the Government Programme. These include women, peace and security; vulnerable groups in the preparation of development policy; and the Finnish Taxation for Development Action Programme.

The aims of the Government Programme were set before the coronavirus pandemic. The pandemic has made it more difficult to achieve the Sustainable Development Goals (SDGs) worldwide. This further underlines the importance of having a coherent, long-term development policy that responds appropriately and flexibly to the growing challenges and the realisation of the 2030 Agenda. In its review, the DPC identifies those points that still require particular attention during this government term and are important across government terms. It should also be noted that the outbreak of the coronavirus pandemic brought about urgent and extremely challenging pressures for change across the whole field of development policy, development cooperation and humanitarian aid. The public administration's prompt and strategic approach and the actions taken as part of the joint COVID-19 response of the international community deserve our praise. A more holistic approach and cooperation between stakeholders must be strengthened as crises intensify, and the human rights and humanitarian situation in the world deteriorate. At the same time, attention should be paid to the adequacy of Finland's contribution, its coherence and various forms of support throughout the course of the pandemic.

Among the members of the Development Policy Committee The Finns Party agree with the review with following reservations: "The Finns Party cannot accept an increase in development cooperation appropriations to 0.7% of GNI, nor the interim target levels of 0.55% in 2023 or 0.63% in 2027 presented in the report. Raising development cooperation appropriations to 0.7% of GNI would mean an increase of almost EUR 600 million each year in government expenditure and require more future borrowing. The Finns Party believe that, development assistance should be paid in the future only from budget surplus. Population growth and improving the position of women and girls remain major challenges in developing countries. To curb population growth, development financing should primarily be directed to improving access to contraceptives and family planning. It is also essential that the recipient countries present a plan for curbing their population growth. Globally, population growth increases the consumption of natural resources and carbon emissions as well as weakens societies' ability to adapt to climate change. Closer scrutiny of the IMF and the World Bank operations in third countries would also improve the situation of vulnerable countries. Poor performance, particularly in African countries, unfair loan agreements and political influencing are issues that require more in-depth scrutiny. In the future, the focus of development policy should be on crisis management, as peace is a prerequisite for stable development and good governance."

Of the Development Policy Committee members, the Confederation of Finnish Industries (EK) is not involved in the publication.

Finland's Africa Strategy:

1. Consistent implementation requires even stronger links to sustainable development

The Government Programme states:

“Finland will prepare a comprehensive Africa Strategy, which will be based on the 2030 Agenda and will ensure coherence in Finland’s Africa policy. Finland will expand its political and economic interaction with African countries.”

The Development Policy Committee warmly welcomes the updating of the Africa policy and a more strategic approach that combines and brings together different administrative sectors, stakeholders and fields of activity. The strategy is based on a well-founded and inclusive set of priorities that will guide Finland's actions in relation to African countries, the African Union (AU) and regional organisations in the coming years. There are altogether five priority areas, covering political and economic relations, the European Union's relations with Africa, and relations between people and communities and Africa.

The strategy emphasises the diversification and deepening of relations, a reciprocal, equal partnership; and the mutual benefits of strong political-economic relations. It is



particularly notable that Finland also intends to promote the strategy's goals in wider international cooperation and decision-making: as part of the European Union, in Nordic cooperation, in international financial institutions and in the UN and other multilateral cooperation.

Sustainable development receives insufficient weight in the strategy

According to the Africa Strategy, Finland will take into account the 2030 Agenda for Sustainable Development, the Paris Agreement on Climate Change, and the Convention on Biological Diversity (CBD) in all its activities in line with the Government Report on Finnish Foreign and Security Policy. Most African countries have also pledged to observe the provisions of these documents. Also, Finland's climate smart foreign policy aims to promote a global transition to low-emission and climate-resilient societies. This is also addressed in the strategy.

The DPC would have preferred a more ambitious approach by giving the Africa Strategy an active role in the implementation of these agreements, their principles and goals. This would have clarified the Government Programme statement on sustainable development as *the basis* of the Africa Strategy and as a framework *guiding* very different stakeholders. A coherent linking of the priorities of the Africa Strategy to the goals of 2030 Agenda would have been warranted because the main opportunities and challenges of the African countries and the continent are linked specifically with sustainable development or the lack of it. Because the strategy is intended to extend Finland's relations beyond development cooperation, the 2030 Agenda would have served as a natural framework for ensuring shared values and objectives, in which different actors and sectors, as well as African aspirations, would be integrated.

It is also particularly important to engage commercial and trade policy actors and their potential for promoting sustainable development in the Africa Strategy. African economies have a demand for

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sustainable investments and business that create decent jobs. Here, the strategy takes particular account of fields related to the green transition and digitalisation, where there are strong shared economic interests. However, this requires that the strategy's approaches on supporting vocational education and training are translated into concrete action and implemented.

However, it is not enough to see sustainable development as an important background factor if one takes into account the government's own line that the current Government Programme is the first such Government Programme for sustainable development and that government policy is the implementation of sustainable development. Also, linking the Africa Strategy to the goal of global partnership for sustainable development (SDG-17) and its largely similar themes (such as trade, innovations, technology, coherence) would have given the strategy a broader dimension and strengthened the synergies between the government's sustainable development efforts and Finland's global responsibility and impact.

Although the strategy states that it takes into account the Paris Agreement on Climate Change and the Convention on Biological Diversity (CBD), the weight given to them in the Africa Strategy does not match the level of ambition in the Government Programme for an ecologically sustainable Finland, which promises to lead the way in mitigating climate change and safeguarding biodiversity. On the other hand, the choices made in the strategy's priority areas (climate, biodiversity, education and training, peace and security, young people) are central to sustainable development. They are also in line with the Government Report on the Implementation of the 2030 Agenda and the Report on Development Policy across Parliamentary Terms.

Development cooperation networks and know-how should be leveraged

In strengthening political and economic relations, Finland can make use of the networks, tools and the knowledge of local contexts created through development cooperation. Finland also has special expertise in such fields as teacher training and education and Education in Emergencies (EiE). This positive synergy and the emphasis on common objectives across all external relations sectors receives less attention in the strategy. However, the strategy highlights the strengthening of the taxation capacity of African countries as one such positive example. The strategy combines all areas of external relations, and the work done with development cooperation funding complements and supports the political-economic dimension. The strategy's attention to the multiple linkages between civil society and people also deserves praise. On the other hand, such matters as decent job creation for Africans, the promotion of responsible business, gender equality, and adaptation to climate change are common priority areas do not receive sufficient attention in the text.

Nor does the Africa Strategy sufficiently reflect the Government Programme's ambitious foreign policy goals on gender equality. Gender equality is referred to, but the measures guiding it remain insignificant in relation to the government's own commitment to *systematically* promote gender equality and the full implementation of women's and girls' human rights in foreign and security policy. Finland should make a stronger commitment in the strategy to supporting African civil society actors, especially movements and organisations led by women and young people, in line with UN resolutions 2250 and 1325. These actors need comprehensive support for their work, especially considering the depleted terrain for civil society globally.

The Africa Strategy's chapter on *trade and investments and green growth creating jobs* emphasises Finland's own export promotion objectives related to this theme. We found the report lacking links between them and the corresponding objectives of African countries or regional organisations. In this respect, it would have added value to include an item on how Finland could contribute to the promotion of the African Union's objectives in international fora, such as the European Union.

The strategy's objective 1, "The aim is to double the trade between Finland and African countries between 2020 to 2030, and efforts will be made to significantly increase investments of Finnish companies in Africa and of African companies in Finland during the same period", is a step in the right direction. It is important that attention is paid here to market access and strengthening market conditions for African countries, especially the poorest countries, as agreed in the 2030 Agenda (SDG-17 sub-goals). This is also important because a significant proportion of livelihoods and jobs in African countries are linked to agriculture and food production. Such issues, on the other hand, also require land management solutions, which Finland can support.

Since one of the strategy's aims is to make Finland and Finnish exports more attractive to African partners, the emphasis on common interests must be strengthened in the communication and implementation of the Africa Strategy.



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The DPC recommends that:

- The Government must prioritise promoting the recommendations for the implementation of the Africa Strategy so as to really get the strategy off the ground. The DPC emphasises in particular that the ministries' own action plans be prepared and resourced in an inclusive manner and cooperation with Finnish Africa actors be expanded.
- The implementation of the Africa Strategy should be more clearly linked to the objectives of the 2030 Agenda than they are in the current policy in order to strengthen coherence and potential synergies between the different areas of external relations in line with the principles of sustainable development. Linkages are to be monitored as part of the implementation of sustainable development.
- As a partner for African countries, Finland must support both the common trade and sustainable development trade and economic interests of African countries and regional organisations in the EU's trade policy in discussions with the EU.
- Finland will practice active "food security diplomacy" and emphasise food security and food systems linkages and partnerships to strengthen food security and agriculture in Africa in line with the objectives of the UN Food Forum. The development of sustainable agriculture (including agricultural research and advisory services, land management and rights, and value chains to facilitate market access), entrepreneurship and innovation are areas of particular importance for the employment of the growing youth population.
- The Government Programme's promise to invest in fighting and adapting to climate change, food security, water, renewable energy and sustainable use of natural resources (including afforestation) requires rapid concrete action. The African green belt initiative offers an economy-strengthening and job-creating platform for cooperation, for instance on sustainable food chains and afforestation.
- In implementing the strategy, its gender equality impacts must be assessed for example in terms of promoting peace and security, economic cooperation, and business and investment activities. Access to education, employment and social influence by women and girls and other vulnerable groups to seek education, find employment and influence in society also plays an important role in the economic empowerment of societies. The performance matrices for Finland's development policy set clear, separate performance targets for people with disabilities. The use of a similar monitoring system in the Africa Strategy would strengthen its implementation in line with sustainable development.
- The implementation of the strategy should focus on measures that show Finland's leadership, especially in mitigating climate change and conserving biodiversity. No measures should be promoted under the strategy that would be detrimental to biodiversity or do not support climate change mitigation and adaptation.

Report on Development Policy across Parliamentary Terms:

2. A continuum of priorities strengthens development cooperation impacts, but the absence of a financial roadmap erodes its foundations

The Government Programme states:

“Finland will engage in development cooperation in its priority areas on a long-term basis, covering the position and rights of women and girls; democracy and well-functioning societies; high-quality education and training; jobs and strengthening the economic base in developing countries; mitigating climate change and adapting to it; food security; water; renewable energy; and sustainable use of natural resources, including afforestation. Additional funding for development cooperation will be channelled to the priority areas referred to above.”

“The Government will carry out reforms that will improve the efficiency and effectiveness of development cooperation. To promote policy coherence and effectiveness, guidelines applicable across parliamentary terms will be drafted for Finland's development policy.”

Background: The DPC has long advocated a development policy that transcends government terms

Solving global challenges, such as climate change, poverty and inequality, and the UN's 2030 Agenda for Sustainable Development also require a more determined and coherent approach by Finland in its development policy and development cooperation that extends across government terms. In spring 2019, the DPC drew up a “Model for Global Responsibility” as a guideline for the government term, in which development policy and cooperation would be studied as part of the implementation of Finland's 2030 Agenda. The DPC proposed that the model should include the definition and purpose of development policy and development cooperation, the key elements to

be transferred from one government term to another – such as the objectives, priorities and the level of funding. At the same time, a roadmap towards a 0.7 percent GNI share in development cooperation funds would be drawn up. This would improve the continuity and results compared to disjointed, one-term programmes, which have led to erratic decisions in development cooperation and the scattering of limited resources. Development policy evaluations also recommend that development policy programmes that changing from one government term to the next be transformed into long-term development policy, the implementation of which would be reviewed and, where necessary, revised strategically on a government-by-government basis.

According to the DPC, a cross-government model would also sharpen the role of development policy in the national implementation of sustainable development and increase Finland's international impact. It would also encourage cross-sectoral cooperation across the boundaries of administrative sectors and stakeholders. The DPC considered it important that the long-term development policy framework and its updating during each government term be prepared as transparently as possible, drawing on both the Ministry for Foreign Affairs' own expertise and that of other stakeholders, and then submitted to Parliament. The best solution to this was seen to be the preparation of a development policy programme in the form of a report extending across parliamentary terms, which has now been implemented.

Concerning development finance, the DPC's intention was that the report would include a credible plan for increasing development cooperation funding to the level recommended by the UN. In this roadmap called for 0.7% of GNI was to be achieved during the next two government terms at the latest. At least 0.2% of GNI would go to the least developed countries. We regret that this key objective was not achieved.

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What is new in the Report on Development Policy across Parliamentary Terms?

For the first time, the report sets out the development policy continuum, but coherence remains unmonitored

The recent Report on Development Policy across Parliamentary Terms (27 May 2021) refers to the task assigned to Finland by section 1 of the Constitution of Finland to participate in international cooperation to safeguard peace and human rights and to develop society. The report takes better account of the long-term nature of development policy and, for the first time, reflects how the need, objectives and effectiveness of development policy extend from one government term to the next. It follows on from the previous 2016 report "One World, Common Future – Towards sustainable development". There has never been such a continuum from one government term to the next between policy reports.

The report defines development policy as Finland's consistent activities in all sectors of international cooperation and national policy that affect the situation of developing countries. The approach is ambitious and in line with the comprehensive approach to sustainable development that underscores coherence. The report already refers in its introduction to the Government Programme mandate "to promote the coherence and effectiveness of development policy". However, these concepts and the key principles guiding them should have been clarified in the report itself. This would have strengthened and concretised its guiding nature, both in terms of development cooperation and broader development policy, including other policy areas as well.

However, the content of the report is largely confined to development cooperation. Performance reporting on development policy also generally only covers results achieved through development cooperation, not monitoring or reporting on the impact of other policy areas. Furthermore, how and where different policy areas should take account of the Report on Development Policy and its objectives remains an open question. Differences in interpretation are evident in practice, for example in Finland's Africa Strategy.

The Government Report on the 2030 Agenda for Sustainable Development (published in November 2020) also suggests that these coherence principles guiding administrative sectors would be clarified in this report. This has not yet been done.

The long-term approach transcending government terms is most evident in development policy priorities, which are now being updated from one government term to the next. Compared to the previous Government Programme, the report also contains new strategic priorities and clarifies previous ones. The report identifies the development policy priorities that are based on Finland's own strengths and passed down from one government term to the next as: the rights of women and girls; education; sustainable economies and decent work; peaceful, democratic societies; and climate change, biodiversity and the sustainable management and use of natural resources. The report defines humanitarian aid as an independent part of development policy used for helping people in distress in crises.

The most significant change concerns making education a priority in its own right. This is a positive and widely supported step in which Finland draws on its own strengths in development policy. But the content of the education priority itself remains relatively thin in the report. The first steps towards implementation – such as participation in international education funds – have been positive, however.

The Government Programme commitment that an ecologically sustainable Finland will lead the way in mitigating climate change and protecting biodiversity is also clearly reflected in the Report on Development Policy. Further support for this undertaking came with Finland's commitment to the Leaders' Pledge for Nature to protect biodiversity as part of the UN Biodiversity Summit in September 2020.

In early 2020, the Development Policy Committee produced a report on the role of biodiversity in Finnish development cooperation. The new development policy programme across parliamentary terms takes account of the key recommendations of the report and will hopefully continue to allocate additional resources to the sector. Recommendations are also needed to promote and highlight globally the importance of the

*The most significant
change concerns
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a priority in its own right.*

international Convention on Biological Diversity and financing, in line with the innovative role of the Government Programme.

The Government Programme's emphasis on the rule of law development is also reflected in how the report links the strong foundations of a sustainable economy to, inter alia, access to functioning institutions and justice.

The “triple nexus” of humanitarian aid, development cooperation and work for peace important for the fragile states now on board

The DPC has previously recommended that the links between development cooperation, humanitarian aid and peacebuilding be strengthened during this government term as part of the approach of transcending government terms. This is well and justifiably reflected in the Report on Development Policy. The premise of the report is that the international community has failed to adequately respond to the challenges of climate change, environmental degradation, conflict, terrorism, natural disasters and pandemics, and to the need to strengthen the resilience of societies. Such sweeping problems plus extreme poverty and human rights risks are particularly prevalent in developing countries affected by protracted crises and conflicts. The situation in Afghanistan underlines the formulation of the report in a very dramatic way.

For the first time since the 1990s, the coronavirus pandemic has led to a decline in human development. The impacts are particularly serious for the poorest and most vulnerable. The space for civil society has been further reduced, and school closures,

among other things, will have lasting effects. At the same time, the international community has failed to act together to end the pandemic and to vaccinate the majority of the world's population.

To solve these problems, the report states that the implementation of Finland's development policy will be guided by the “triple nexus” approach, enabling coherence, complementarity and effectiveness between development cooperation, humanitarian aid and peace processes. Joint strategic situation and risk assessments and partnerships between actors are a key tool. Action must also be conflict sensitive. This means the ability to understand the context and its conflicts and to adapt correctly to the prevailing

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circumstances to promote lasting peace. This is in line with the OECD recommendation.

Matching and realising the strengths of humanitarian aid, development cooperation and work for peace requires specific planning, coordination and allocation of resources in the light of the situation in Finland's partner countries. Civil society actors in countries in crisis and fragile states try to operate in a triple nexus approach, but they need flexible and continuous support for their work. Special attention must also be paid to the flexibility of funding between humanitarian aid, development cooperation and work for peace, so that a holistic approach is practically possible.

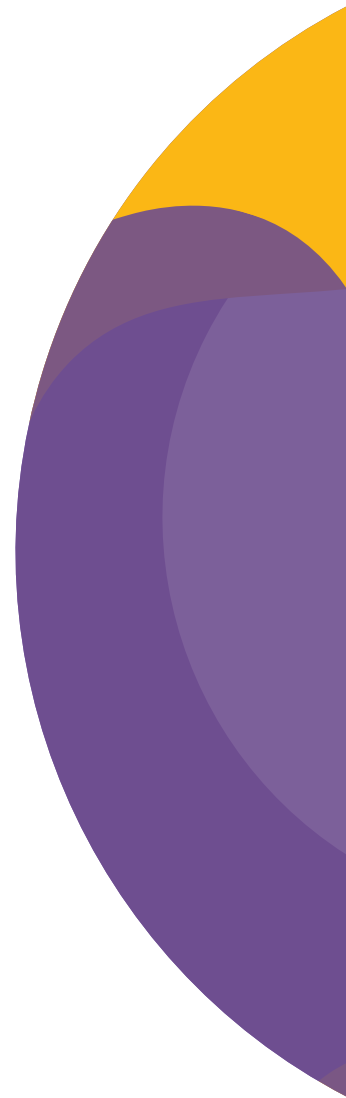
The triple nexus approach also supports Finland's goals of promoting fair and democratic societies and inclusive peace processes, especially concerning the role of women and youth (in line with UN Security Council Resolutions 1325 and 2250). The role of local actors is central in this respect.

We hope that the triple nexus approach and its careful implementation will carry from one government term to the next, and that Finland will be known as a country whose development cooperation, humanitarian aid and work for peace are more than the sum of their parts: that they are coherent, build positive linkages and complement each other, and, produce measurable results, including collectively. It is particularly important that cooperation creates added value for the people in the target areas and their efforts towards sustainable peace and development.

The report brought development policy closer to Parliament, but ambitious goals lack a secure financing base

The DPC welcomes the fact that the report has been prepared with the participation of a parliamentary monitoring group representing all parliamentary parties and with the involvement of stakeholders and different government actors. The aim of the preparation process was to form "a shared overall view on development policy, widely supported by Finnish society." In our view, the final outcome supports this very objective.

It is also important that, as the report states, the implementation of the report's requirements and the achievement of its goals and results are monitored and reported on at the end of each parliamentary term. However, the overall process of the report was long and



politically challenging, which is reflected in the final outcome. The exact timeframe, monitoring and updating mechanisms of the report across parliamentary terms are not reflected in the text. One of the most significant shortcomings is the complete absence from the text of the financial roadmap across parliamentary terms of the Government Programme, and, thus, the Government Programme's key development policy commitment remains unimplemented. In this way, Finland's ambitious priority areas were effectively left without any certainty of corresponding resources, which in turn erodes the conditions for doing productive long-term work. Therefore the DPC believes that Finland's global responsibility and international credibility require a plan transcending government terms for increasing development cooperation funding to 0.7% of GNI, in line with the UN's 2030 Agenda for Sustainable Development. In the next section, we discuss development funding in more detail.

The government should clarify the definition development policy, development cooperation and Finland's global responsibility.

The DPC recommends that:

- The Report on Development Policy across Parliamentary Terms be adopted as a framework document for guiding Finland's development cooperation and policy as part of implementing Finland's 2030 Agenda.
- The government should clarify the definition development policy, development cooperation and Finland's global responsibility. A common understanding of the sector will provide a basis for coherent action and monitoring. It also facilitates the task of committing different actors across the government and different groups in society to the policy. Coherence is in turn a prerequisite for efficient, effective and resource-efficient policies.
- The framework created by the report across parliamentary terms provides a permanent basis, but there must be scope to update it strategically. The rationale for making updates can be drawn from international recommendations, changes in the operating environment, independent evaluations of development policy and scientific research. Updating will be done in an

inclusive and transparent manner based on a proposal submitted to the parliamentary monitoring group by the Ministry for Foreign Affairs at the beginning of each parliamentary term.

- The government must draw up without delay a credible roadmap across parliamentary terms to increase ODA to the UN-recommended level of 0.7% of GNI by 2030. Effective development policy requires adequate funding and human resources. Ignoring this commitment will undermine Finland's international role.
- The continuity of development policy priorities must be developed so that the new focus on education is systematically deepened and its links with previous priorities and humanitarian aid are strengthened during the government term. For example, Education in Emergencies (EiE) will strengthen the link between the priority area of education and humanitarian aid, while vocational education and training will support the priority of sustainable economy and decent work.
- Performance information concerning the priority areas should be made more transparently and easily available. The forthcoming Open Aid Portal should be used to this end.
- Finland must continue its determined efforts to intensify collaboration between humanitarian aid, development cooperation and work for peace in line with the OECD recommendations. This will ensure the relevance and effectiveness of action in terms of the rights and needs of people living in fragile situations.



State of development cooperation funding:

3. lack of a roadmap on goals, climate funding and statistical ambiguity are cause for concern

The Government Programme states:

"In line with its commitment to the UN, Finland aims to direct 0.7% of GNI to development cooperation and 0.2 per cent of GNI to the least developed countries. Finland aims to strengthen the gender perspective in its development cooperation in order to gradually reach the EU's target of gender-targeted and mainstreamed actions across 85 per cent of its new programmes."

"Finland will prepare a roadmap and timetable for attaining the UN goals."

The starting point for the section on financing in the Report on Development Policy across Parliamentary Terms is the Addis Ababa Action Agenda (AAAA,2015), which outlines a global framework for financing for sustainable development. The report emphasises the multidimensional nature of financing, with ODA playing its role as part of a broader picture. In accordance with the report, in order to achieve the UN goal, Finland's ODA must be increased systematically and gradually over several parliamentary terms. The report states that grant funding will remain the primary form of financing for development cooperation. In addition, the level of the development cooperation funding in the form of loans and investments will be increased as part of the development cooperation

appropriations so as to contribute towards increasing the overall ODA to the 0.7% goal set by the UN. In line with the Government Programme, the government has strengthened Finnfund's funding base and invested in increasing loan and investment financing and developing private-sector instruments in line with the Government Programme. This is also reflected in the Report on Development Policy across Parliamentary Terms.

The report sets a target year of 2030 for reaching the 0.7% level of GNI, but does not provide steps for attaining it. Systematic operations cannot be run without long-term funding. The lack of a roadmap erodes this basis.

Instead, the 0.2% target for the least developed countries (LDCs) will be pursued as soon as possible. There has been some positive developments in this respect. In 2020, it had risen to 0.16% from 0.14% in 2019.

According to the statistics of the Ministry for Foreign Affairs, in 2021 the development cooperation budget will correspond to about 0.5% of GNI. Furthermore, in the mid-term session of spring 2021, the government decided that The Ministry for Foreign Affairs and development cooperation would be subject to cuts of EUR 35 million. Failure to reach the 0.7% GNI target will affect international assessments of Finland and contribute to a deterioration in political and trade relations, particularly with Africa. Above all, however, it will be an obstacle to furthering development goals.

The budget cuts may also have repercussions on Finland's next campaign for a place on the UN Security Council. The decision will also keep Finland further away from its main reference group, the other Nordic countries, whose ODA has been at least 0.7% of GNI since the 1970s. In 2020, Sweden's ODA reached 1.14% share of GNI, Norway's GNI share was 1.11% and Denmark's 0.73%, but Finland's was 0.47%. Finland's human resources for development cooperation are also considerably less than in other Nordic countries.

Unlike the other Nordic countries, Finland lacks a long-term parliamentary commitment to the UN target level beyond budgetary policy. Although the Government

Programme does not directly say so, decisions on development cooperation were also linked to the "overall economic situation" during this government term (Report on Development Policy across Parliamentary Terms 2021, p. 23). Finland has used the same argument several times since the recession of the early 1990s. This has also been the case when the overall economic situation and its indicators have looked favourable and development spending has increased, and yet the target of 0.7% has not been reached.

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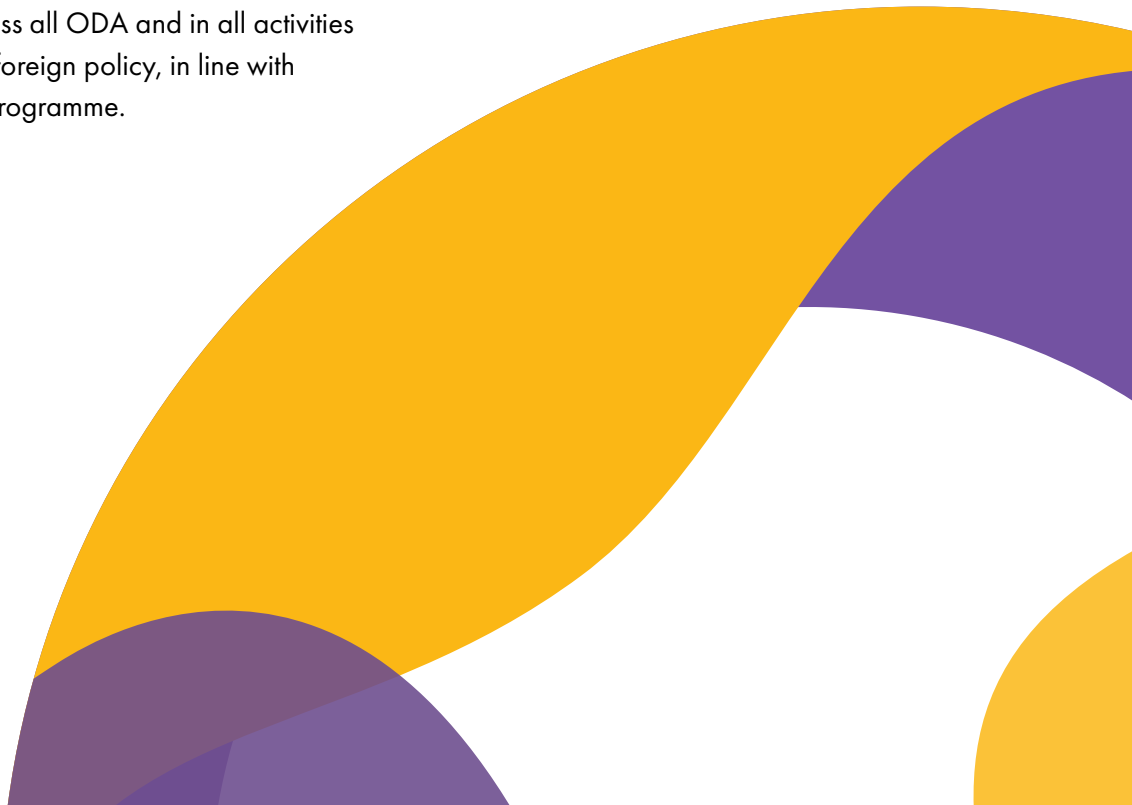
New calculation model for monitoring gender equality work

Finland reports annually to the OECD on funding for promoting gender equality targets and the actual disbursements made and new programmes. In line with the Government Programme, Finland is committed to the target of the EU Action Plan on Gender Equality of at least 85 per cent of programmes and projects having gender equality as a principal or significant aim by 2020. In this respect, Finland is heading in a positive direction in the light of the funding decisions taken during the government term.

When looking at 2019–2020, there has been a major leap forward: about 70 per cent of new projects already promote gender equality as the principal or significant sub-objective. If we broaden the scope to cover all development funding (including general grants to gender equality organisations), the figure is 61 per cent. But only in 10 per cent of the funding decisions supported the gender equality target as the principal objective. The calculation model is based on the cumulative averages of funding decisions during the government term.

It is important that Finland now has a clear calculation model for monitoring gender equality work, which will be used to produce data for international comparisons based on uniform criteria and for domestic policy. For example, the role of core funding for UN gender equality organisations is not reflected in the international OECD/DAC calculation model, which focuses on projects and programmes, even though core funding is important from the perspective of both gender equality work and support for multi-lateral work. So it is important that this information is also made visible.

Monitoring the objective of gender equality from outside the Ministry for Foreign Affairs has been a challenge, because of the lack of clear, publicly available statistics on targeted development cooperation funding. The forthcoming Open Aid Portal will bring a welcome improvement in this respect. The promotion of gender equality must also be reflected as a cross-cutting principle across all ODA and in all activities related to Finnish foreign policy, in line with the Government Programme.



Climate finance needs urgent clarification

The Government Programme states:

“Finland will scale up climate finance as a part of its development financing, taking due account of its contribution based on the Paris Agreement. The aim is to direct half the climate finance to climate change adaptation, for example through international funds and civil society organisations. Investment-based and loan-based finance will be continued, especially for the purpose of boosting climate finance. Achieving the sustainable development goals (SDGs) requires not only public measures but also substantial private investments in developing countries’ climate actions and in their promotion of equality and creation of decent jobs.”

In 2019, Finland's public climate finance to developing countries amounted to EUR 147 million, a record to date. However, the increase comes mainly from financial investment allocations, which are mainly directed towards climate change mitigation, not adaptation. But according to the Ministry for Foreign Affairs, the division of Finland's international climate finance is rebalancing: currently, 58 per cent of the funding is allocated to mitigation and 42 per cent to adaptation, compared to 64 per cent to mitigation and 36 per cent to adaptation in 2019. If the current government continues to pursue its predecessor's strong policy of allocating financial investment allocations to climate action, a financial balance between mitigation and adaptation is unlikely during this government term, even if the trend is positive.

Monitoring and steering climate finance is complicated by the fact that the former lacks a precise definition even internationally. This makes it difficult for Finland to act. Finland has not so far set clear (at least publicly known) targets or criteria for its climate finance. Nor are its results systematically recorded, reported or evaluated in relation to the above-mentioned targets in the Government Programme. In practice, therefore, there are no sufficiently comprehensive records even on public investments in sustainable development in line with the

Government Programme covering all forms of funding and finance actors.¹ Finland nevertheless reports on its climate finance annually to the OECD and the EU and every two years to the UN on the implementation of the Framework Convention on Climate Change. For private investment, the situation is even more challenging. The amount of so-called “leveraged” finance from the private sector (finance potentially catalysed by public funding) is also not publicly available.

The average level of Finnish climate finance was EUR 97 million between 2013 and 2019.² The target level of finance has remained fairly stable in the early years of the government term. However, in light of the Ministry of Finance’s draft budget (13 August 2021), an increase is expected for 2022. This would increase the amount of ODA reported as climate finance to EUR 184 million. The draft budget does not show which instruments the government will focus on.

The National Audit Office's audit “Finland's international climate finance – Steering and effectiveness” (2 June 2021) recommends that the planning, monitoring and reporting of international climate finance be improved. The report proposes that the Ministry for Foreign Affairs could promote the exchange of good practices and methods for assessing and monitoring climate finance effectiveness with organisations that channel Finland’s climate finance. Also, NGOs (Fingo) have called for information transparency and the development of a climate finance steering system to set clear and transparent goals for allocating climate finance. These should also include the monitoring of financial goals.

During this and the forthcoming government terms, particular attention should be paid to the fact that a very small proportion of Finland's climate finance is allocated to the LDCs. The National Audit Office's climate finance audit (2021, p. 23) showed that only between 4% and 12% of the climate finance disbursed through the ten largest climate finance channels (which corresponds to about 88% of Finland's total climate finance) was allocated to the LDCs in 2017–2019. On the other hand, it is not possible to accurately monitor the country or regional allocation of climate finance, since the share of geographically non-statistical funding is significant, among other things because it is channelled through multilateral organisations. Therefore, some of the geographically non-statistical funding has in fact been allocated to Africa and LDCs. However, more attention needs to be paid to the allocation of climate funding at a global level. According to a report by the International Fund for Agricultural Development (IFAD), only less than two per cent of global climate finance is allocated to small farmers, who are the first to be affected by climate change.

Finland’s climate action must take account of the promotion of nature-based solutions in line with the new Global Biodiversity Framework and the Paris Agreement on Climate Change. Supporting nature-based solutions, especially in the LDCs, is more urgent than ever.

1 Finland's international climate finance – Steering and effectiveness – National Audit Office of Finland (vtv.fi)

2 <https://um.fi/climate-finance-and-advocacy-work>

Humanitarian aid needs at record high

The Government Programme states:

"The level of funding for humanitarian assistance will be raised."

The global need for humanitarian aid is at a record high. Funding for it has not kept pace with the growing needs, and the gulf between the needs and funding has continued to widen. The coronavirus pandemic has further increased the need for aid. Finland responded to this situation by contributing a historic EUR 115.1 million (humanitarian aid EUR 78.7 in 2019; EUR 72.5 million in 2018). This year's amount has not yet been confirmed. It will fall from the last year's record level but not drop below the level of 2019.

Finland's humanitarian aid policy was updated in December 2019. It states that Finland will pay particular attention to improving the status of persons with disabilities in emergencies, the sexual and reproductive health and rights of women and girls, and the need to act against sexual violence in the context of crises. Finnish humanitarian aid provided is always needs-based and impartial.

Finland is committed to channelling about 10 percent of its annual development cooperation budget to humanitarian aid. This is allocated to official development aid (ODA) recipient countries. Finnish aid is based on requests for assistance allocated to countries that have undergone a reliable needs assessment of their humanitarian situation and a joint appeal for assistance by humanitarian aid organisations coordinated by the UN. The Ministry for Foreign Affairs channels its funds for humanitarian aid through three channels: UN agencies, the International Red Cross and Finnish aid organisations.

Finland recognises the growing need for humanitarian aid due to climate change, conflicts, disasters and epidemics. It is important that Finland adhere to its humanitarian aid commitment and be prepared to increase it according to need, such as in 2020. As crises become increasingly chronic, we should increase flexibility between funding allocations and the longevity of humanitarian funding. Closer collaboration between development cooperation, humanitarian aid and work for peace is even more important than before.

Strengthening civil society requires investment

The Government Programme states:

“Systematic measures will be taken to strengthen the civic space and facilitate civil society participation in Finland and globally. Funding for development cooperation projects aimed at civil society organisations will be stepped up.”

Development funding for NGOs has increased during the current government term. This has increased from just over EUR 60 million (2016–2019) to almost EUR 80 million (EUR 75 million in 2020, EUR 79 million in 2021). Unfortunately, the relative share of the development budget allocated to NGOs has been decreasing. During the current government term, NGOs have received slightly over 10% of the ODA budget (almost 15% in 2015), and over 6% of overall ODA funding (more than 10% in 2015). The need for support to local civil society and NGOs is increasing. This is particularly true for women's and young people's movements and organisations in conflict areas and fragile countries. In addition, a significant share of the additional funding for organisations in this government term was channelled to programme support organisations, which may be a concern from the perspective of civil society diversity. The number of organisations engaged in development cooperation has decreased considerably in recent years.

Civil society consultation in key development policy processes has varied. As far as the Report on Development Policy is concerned, the process has been considered good, as NGOs were given a chance to present their own views at a very early stage. However, the delay in publishing the report could have led to clearer communication on the subject. For the Africa Strategy, the process was less successful, since the thematic consultations were not held before the process was already well advanced and the strategy had been thought through. The consultations were limited to certain selected parties, and they were given very little time to prepare for the consultations.

Finland could nevertheless profile itself as a credible and visible international actor. Systematically defending and bolstering democracy and the space for civic society would suit Finland well. This work could be supported not just financial assistance but by other means, such as amplifying the voice of the most vulnerable groups.

The Development Policy Committee recommends that for ODA:

- The government must without delay draw up a credible ODA roadmap traversing parliamentary terms. It should include interim target years for achieving 0.7% by 2030 set for ODA in the recent government report. The roadmap should also include the marginal conditions related to the Finnish economy that determine the level of ODA.
- The target year for reaching the 0.7% level must be set at 2030. The interim targets should be set at 0.55% of GNI by 2023 and at 0.63% by 2027.
- The financing roadmap must be drawn up taking into account how the different forms of funding promote development policy priorities and complement each other in a coherent way. The government must draw up a sustainable financing policy to clarify and strengthen the relationship between the different forms of funding.
- In LDCs and fragile countries, efforts should be made to make greater use of all development finance instruments in addition to grant aid. In these contexts, development cooperation in the form of loans should be allocated to the SME sector in particular.
- The assessment of funding needs must be based on a clear and transparent model. The needs assessment should consider factors such as international commitments, past performance outcomes, the results of priority assessments, urgency and complementarity.
- The needs update must give due attention to the challenges of climate finance. Particular attention must be paid to adaptation challenges and the level of funding for biodiversity, and, more broadly, to supporting nature-based solutions as part of climate change mitigation and adaptation.



- Monitoring of funding should be made clearer and more transparent across the board. The Ministry for Foreign Affairs needs to develop communication on statistics to stakeholders and the wider public. A development aid portal open to all must be launched as soon as possible, and statistical communication should be central to it.
- The governance of climate finance should be developed and clear and transparent targets should be set for the allocation of climate finance, as recommended by the National Audit Office (2021).
- The 85% gender equality target should be maintained and monitored with an approach transcending parliamentary terms that is applied to all activities.
- It is important that Finland maintains its commitment to humanitarian aid and is ready to increase it according to needs, as in 2020. As crises become more chronic, we should increase flexibility between funding allocations and the longevity of humanitarian funding.
- Further work is needed to break down the silos between different funding modalities to facilitate cooperation between humanitarian aid, development cooperation and work for peace. Finland must support the empowerment of local organisations and people.
- Finland must invest in resourcing and strengthening the work of NGOs in both Finland and partner countries in line with the Government Programme entries. There must be an increase in the relative share of development cooperation funding for NGOs, in line with the recent Report on Development Policy across Parliamentary Terms. Attention must also be paid to civil society pluralism by supporting civil society actors of all sizes. The Ministry for Foreign Affairs should better enable NGOs to apply for foreign funding by allocating support for the required self-financing.
- The Ministry for Foreign Affairs could consider appointing a civil society ambassador to strengthen Finland's advocacy work abroad.



4. Finland's support for the multilateral system:

UN funding, Resolution on Women, Peace and Security and vulnerable groups

The Government Programme states:

"In accordance with the Government Programme, the 'Inclusive and competent Finland' shares global responsibility for strengthening rules-based international cooperation. Finland will work to strengthen and reform the UN system."

"The priority areas in multilateral development cooperation cover the position and rights of women and girls; democracy and well-functioning societies; high-quality education and training; jobs and strengthening the economic base in developing countries; mitigating climate change and adapting to it; food security; water; renewable energy; and sustainable use of natural resources, including afforestation."

Finland is committed to strengthening rules-based multilateral cooperation and has worked at various levels to promote this goal. The COVID-19 year has been a difficult one in terms of international cooperation. Issues of great power politics are spilling over into all sectors, making cooperation more difficult. Cooperation has been affected by the differing operating cultures, even though the various virtual meeting platforms have improved and participants have become more skilful at using them.

Finland has been supporting the UN reform process and has actively participated in the development of UN digital cooperation, which has become a necessity in the wake of the COVID-19 year. Finland has stepped up its support for the UN innovation hubs operating in Finland (UN Global Pulse and UNOPS 3SI programmes) and is a member of the UN Roundtable on Digital Inclusion and Data. Finland plays a leading role in the UN Women's action coalition Generation Equality that focuses on technology and innovation. These roles satisfactorily combine Finland's many strengths and priorities.

Finland has increased its funding for multilateral cooperation in line with its key development policy priorities, but a systematic assessment of this was not possible within the framework of this publication. In particular, funding for the UN sexual and reproductive health agency UNFPA, and the UN agency for gender equality & women's empowerment UN Women has increased significantly. Support for both organisations has doubled since 2019. Another positive feature is that the aid given by Finland is mainly general aid and not earmarked funding. This has been particularly important over the past year, when the coronavirus pandemic has made it necessary to reorient many programmes in both bilateral and multilateral projects. On the other hand, Finland's funding cycles are shorter than those of for instance other Nordic countries, which makes it harder for organisations to plan.

However, Finland has been prominent and highlighted its positions in support of women's rights and sexual rights in various international fora, with views presented by the Prime Minister, the Minister for Development Cooperation and Foreign Trade, and the Minister for Equality, and through cross-cutting participation in high-level meetings. This strong advocacy work is invaluable, especially now that the drive against women's rights and sexual rights is gaining strength, including within the UN. Furthermore, there is a massive campaign against the Istanbul Convention going on within the EU. It is important for Finland to lobby strongly for the EU to ratify the Istanbul Convention. The coronavirus pandemic and the resulting increase in violence against women makes this a critical issue.

COVID-19 funding has been channelled particularly through multilateral actors. Finland is involved in international vaccine cooperation, the COVAX mechanism, which aims to promote equal and rapid access to COVID-19

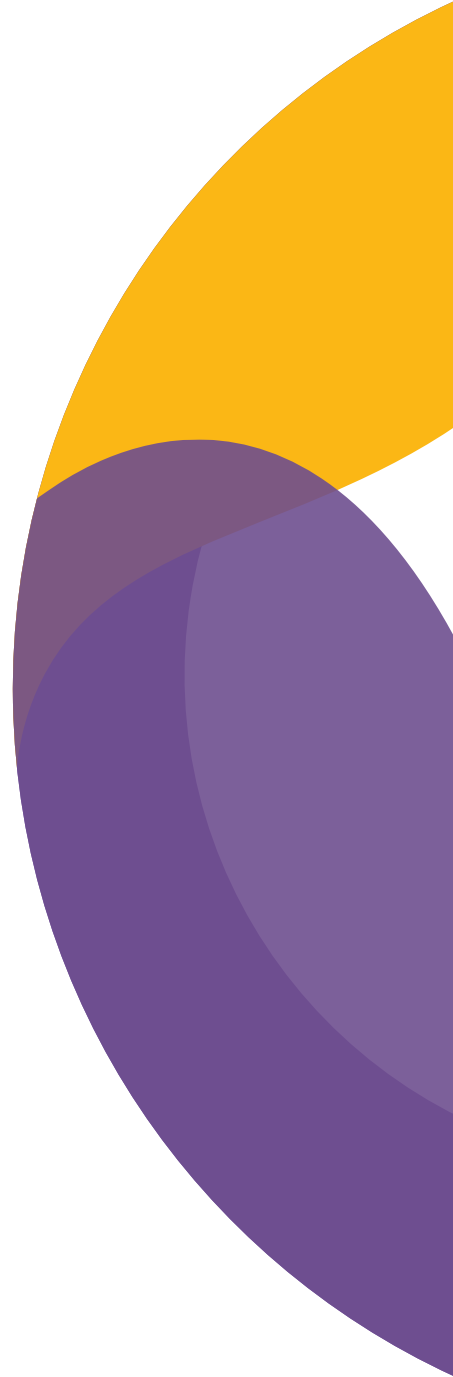
This strong advocacy work is invaluable, especially now that the drive against women's rights and sexual rights is gaining strength, including within the UN.

vaccines for all countries and to support and strengthen global vaccine production and distribution. Covax is led by the World Health Organisation (WHO) and the international consortia CEPI and GAVI. Due to the pandemic Finland's support to the WHO has doubled. Covax aims to have two billion vaccine doses directed to developing countries by the end of 2021. Finland is also preparing to donate vaccines through the Covax AMC mechanism. We must continue to support this work, as no one is safe until vaccine coverage is at a sufficient level globally. However, vaccine coverage remains insufficient, and vaccination in the poorest countries has barely started. Together with the EU, Finland has opposed the World Trade Organization's (WTO) TRIPS waiver for patents on COVID-19 vaccines, treatments and tests, which makes it more difficult to fight the pandemic.

In humanitarian aid, support for the Nobel Prize winning UN World Food Programme (WFP) and the UN Central Emergency Response Fund (CERF) has increased significantly. Cooperation in support of employment has also intensified through the UN Labour Organization's (ILO) Trade for Decent Work project. Climate finance has also been stepped up. Finland has increased its support to the Green Climate Fund by 25%.

However, support for UN agencies has not increased steadily during this government term. In recent years, the unearmarked funding for the UN Environment Programme (UNEP) has risen from the pre-2016 cuts level but remains below our long-term level of support. Funding for the Global Environment Facility (GEF), which is crucial for environmental and biodiversity funding, was also cut by about 60% in 2016. The Government has proposed increasing the GEF funding during its next funding period (2022-2025), but this is still below the earlier level of support.

In addition, the additional protocol to the Government Programme sets the objective "to raise the contribution channelled via the UN to 30% of our development cooperation appropriations, with an emphasis on good quality and effectiveness in Finland's priority areas". In 2020, the contribution channelled via the UN was 27% of development cooperation appropriations.



The obligations under the UN resolutions on women's and girls' rights bind us

The Government Programme outlines:

"In line with UN Security Council Resolution 1325 on Women, Peace and Security, Finland will promote women's participation in peace talks and peacebuilding, with an emphasis on safeguarding women's and girls' rights in peace processes. Sustainable peace cannot be built on structures that maintain inequality."

Finland is already on its third National Action Plan on Women, Peace and Security. Finland is also setting an example to many other countries in implementing 1325 and supporting its partners in drawing up their own action plans. Finland also funds multilateral 1325 work via UN Women and UNFPA. Finland's support also enables Finnish organisations to work in fragile countries and countries in conflict and to support local civil society, linking humanitarian aid, development cooperation, mediation and long-term work for peace. Finland's model for mediation and peacebuilding is based on close cooperation between Finland and Finnish organisations.

However, there is still room for improvement in the content and implementation of Finland's National Action Plan. The financial resources allocated for and personnel assigned to the work also remain insufficient. The Action Plan and all 1325 work done by Finland should reflect the human rights-based approach and intersectional perspective more strongly. Finland could lobby more robustly to promote these perspectives. It must also develop monitoring and reporting concerning the effectiveness and impact of the work and funding. The responsible ministries must systematically report against agreed indicators. In addition to the quantitative targets, in the future, Finland must pay more attention to different qualitative aspects. It is important, for example, to ensure that women participating in peace negotiations represent the diversity of their societies. Disability can also be a factor that brings together parties to a crisis. Finland could work more with people with disabilities and disability organisations in peace work and negotiations.

It is important that Finland promotes, defends and protects sexual and reproductive health and rights under increased threat, in all work and advocacy related to the

Women, Peace and Security agenda, and in supporting other countries' in making national action plans. The implementation of the 1325 family of resolutions would require, for example, tackling violence against women and multiple discrimination, and protecting women's human rights defenders, including in Finland. Girls and women must also be effectively protected from genital mutilation in Finland. These areas of work must be clearly included in the action plan, and the reporting should show how the 1325 commitments will be realised in all Finnish policies and how this work will be funded.

It is important that the lessons from the previous three national action plans are taken into account in the design and preparation of Finland's forthcoming fourth national action plan. The views of civil society and the research community must be consulted too, taken onboard and applied throughout the process. Apart from Finnish researchers working on the 1325 issue, local researchers working on the ground in conflict areas, women's organisations and experts on the subject, should be consulted in the preparation of the new action plan. The researchers' position paper on the content of Finland's third national action plan and 1325 policy remains relevant and contains worthwhile recommendations and perspectives for use in drafting the fourth action plan.

This was the first government term where the follow-up report on Resolution 1325 has included a financial table. In future, the monitoring of funding should be made more precise and clearer, for instance by dividing it into domestic and international sections. Finland also needs to develop the monitoring of performance and effectiveness.

It is important that Finland promotes, defends and protects sexual and reproductive health and rights under increased threat, in all work and advocacy related to the Women, Peace and Security agenda.

Rights of people in a vulnerable situations need special attention

The Government Programme states:

"In preparing development policy, Finland will pay special attention to implementing the rights of minorities and people in a vulnerable position and to their inclusion. In this process, Finland will make use of the expertise and skills of those who belong to these groups."

During the current government term, the focus of Finland's humanitarian work is on promoting the rights of people with disabilities, the status of women and girls, and sexual health and rights. However, the statement on this in the Government programme needs to be fleshed out. This could better clarify how the work progresses and the work done by actors, especially when it comes to the inclusion of vulnerable groups and drawing on their own expertise. The statement is based on the idea of *the opportunity of persons with disabilities to participate in the work concerning them and, more broadly, to exert an influence in society*. This should be made more explicit than in the current text and utilised in implementing the statement.

Finland's priorities have become especially evident in the emphasis on the rights of people with disabilities and their inclusion in such matters as cross-cutting guidelines and instructions and requirements for programme support for NGOs. Finland has also actively foregrounded the rights of people with disabilities in international communications and fora.

When supporting vulnerable groups and minority groups and organisations, it is important for financial instruments to allow for flexibility. They should take into account that, due to long-standing structural discrimination, strengthening the self-capacity and meaningful participation of minority groups requires long-term efforts. In practice, this means understanding that strengthening capacity and ownership can be a goal in itself, without focusing on precise performance targets in the activity itself.

The DPC recommends that:

- Finland should maintain a strong and consistent voice in international fora in support of women's and girls' rights and sexual rights. Finland should be at the forefront of the European Union in influencing the EU to ratify the Istanbul Convention.
- Monitoring and reporting on the performance and effectiveness of the National Action Plan on Women, Peace and Security must be continuously developed. The responsible ministries should report against the agreed indicators. The monitoring of funding should be further refined, for example by splitting it into domestic and international components.
- The Government should especially recognise in its 1325 activities that women and girls are not a homogenous group. Finland's next National Action Plan on Women, Peace and Security should be based on an intersectional approach.
- Finland should provide better information on how the inclusion of vulnerable groups is implemented, monitored and developed in different funding instruments.
- Finland should evaluate the increase and targeting of funding for multilateral actors in line with the policies laid down in the Report on Development Policy across Parliamentary Terms. Particular attention should be paid to the implementation obligations of international climate and biodiversity agreements.

Finland should provide better information on how the inclusion of vulnerable groups is implemented, monitored and developed in different funding instruments.

Tax and development:

5.  The Government Action Programme creates a continuum and develops support for strengthening the tax base of developing countries

The Government Programme states:

“Finland will contribute to improvements in the taxation systems of developing countries.”

“Companies that receive development cooperation funds will be obligated to meet tax responsibility and transparency criteria, promote human rights and advance Finland’s development policy goals.”

There are still many countries in the world where weak tax systems and inadequate tax administration hinder the development of societies and the realisation of individuals’ basic and human rights. Their ability to collect tax resources is weak and tax revenues are not directed at improving the well-being of citizens. Strengthening developing countries’ own fiscal policies and domestic resources has become one of the key issues in the international development policy debate. In particular, the UN 2030 Agenda for Sustainable Development and the funding needed for implementing it underline the role of taxation.

In June 2020, the Ministry for Foreign Affairs published a new Taxation for Development Action Programme, which focuses on strengthening the tax capacity of developing countries and ensuring

the fiscal liability of companies supported by development cooperation funding. The programme builds on the action programme of the previous government term with a new focus. The programme pays greater attention to developing countries getting their voice heard in international negotiations, and the links between tax issues and the realisation of fundamental and human rights.

At the heart of the Taxation for Development Programme is the idea of strengthening tax policies and tax collection capacity in developing countries. The programme also takes a stand against aggressive tax planning by multinational corporations and tax competition between countries. For example, the Finnish Tax Administration estimates that the tax deficit in developing countries accounts for between 30 and 60 per cent of the potential tax revenues. The prevailing COVID-19 crisis has also hit national economies hard, further underlining the need to target tax revenues precisely to safeguard welfare and services.

The Ministry for Foreign Affairs' Taxation for Development Action Programme has three main pillars: 1) strengthening the tax capacity of developing countries; 2) ensuring corporate tax responsibility and transparency; and 3) strengthening the position of developing countries in the international tax policy.

The main objectives are ambitious but achievable as long as Finland ensures sufficient financial and human resources to carry out the programme. In 2015, Finland joined the Addis Tax Initiative (ATI), where donor countries share their expertise for improving the developing countries' taxation capacity and enhancing the fairness, transparency and efficiency of taxation systems. By joining the initiative, the donor countries pledged to double their funding to this end by 2020. Finland has not yet met this target, which would require about EUR 8.6 million funding for it to be achieved, but has set 2022 as the new target year for meeting the commitment. Finland's contributions to the Taxation for Development Action Programme are also considerably smaller compared to the other Nordic countries. Finland is nevertheless also committed to the second phase of the ATI (2021–2025). This sets qualitative targets for strengthening the tax base of developing countries, so that the actions taken will, among other things, reduce social inequalities in general and promote gender equality.

The prevailing COVID-19 crisis has also hit national economies hard, further underlining the need to target tax revenues precisely to safeguard welfare and services.

During the current government term, and in line with the Government Programme, Finland has drawn up a fiscal responsibility guideline 2021 for companies receiving development cooperation funding. In the context of improving development cooperation governance, the human rights-based approach and cross-cutting objectives have also been strengthened in processes concerning private sector cooperation instruments. The guidelines on private-sector support are being prepared. Support to the African Tax Administration Forum (ATAF) for capacity building, training, as well as to the civil society organisation Tax Justice Network Africa (TJNA) and the UNDP's work in Tax Inspectors Without Borders (TIWB), which is a joint UNDP/OECD initiative, will also continue. In 2021 Finland is participating in the joint programme of the EU Commission, the German organisation GIZ and the African Union to strengthen taxation capacity and willingness to pay taxes. Finland also supports cooperation between the Tanzanian and Finnish tax administrations, the "Publish What You Pay" project and the development of the taxation of natural resources. With their combined total, Finland is on track to meet its Addis Tax Initiative pledge in 2022 to double its funding for the Taxation for Development theme from the level of 2015. In 2015, Finland's funding was EUR 4.3 million, which will rise to EUR 8.6 million in 2022.

The DPC Development Policy Committee recommends that:

- Finland actively continues to strengthen the tax base of developing countries as part of its development cooperation. It is important that this work takes into account the qualitative criteria of the Addis Tax Initiative and continues with the priorities adopted in the current Action Plan and its implementation.
- Support should continue to be channelled in particular to regional and national actors, especially in Africa, the focus area of the Action Plan, but also, where possible, elsewhere in the global south.
- Finland must increase the human resources for tax and development in the Ministry for Foreign Affairs in order to ensure the quality implementation of the above-mentioned approach.
- Finland must support a much more active role for the UN and developing countries in global tax policy.