

# ***Shift***

October 2019

## **Aligning Finland's State Financing for Private Sector Activity Abroad with the UN Guiding Principles on Business and Human Rights**

*A Program Report*

**Acknowledgements:**

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**About Shift:**

Shift is the leading center of expertise on the UN Guiding Principles on Business and Human Rights. Shift's global team of experts works across all continents and sectors to challenge assumptions, push boundaries, and redefine corporate practice, in order to build a world where business gets done with respect for people's dignity, everywhere and all the time. Shift is a non-profit, mission-driven organization, headquartered in New York City.  
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## Overview

From April 2018 through June 2019, the Government of Finland has provided capacity-building support to its private sector financial instruments (defined below), in order to strengthen the alignment of their policies, procedures and practices with the UN Guiding Principles on Business and Human Rights (UNGPs). The program has been designed and delivered by the non-profit organization Shift, the leading center of expertise on the UNGPs. In 2019, the government decided to extend this program to a second phase for a further 18 months.

The purpose of this note by Shift is to provide a summary of the activities conducted, an interim update on some of the progress achieved to date, and ideas on potential next steps that might shape the continued support. The note was originally prepared for the interministerial committee in the Finnish government that is overseeing the program. It is now being made public to provide other interested stakeholders with insight into the collaboration.

In the sections below, we include some observations and reflections on the following:

1. The context for the program, including the relevance of the UNGPs to state financing, the Finnish government's program of support, and the way we jointly shaped the activities as part of the program of support;
2. A review of the major areas of focus of the program, activities and progress achieved, and some of the remaining challenges;
3. Initial ideas for continuing support in the second phase of the program.

## 1. CONTEXT

**Public Financing and Human Rights:** The Government of Finland supports private sector activity abroad through a number of public instruments and programs, including:

- Finnfund, Finland's national development finance institution;
- Finnvera, Finland's export credit agency;
- Business Finland's BEAM program (Business with Impact)<sup>1</sup> that is partly funded by the Finnish Ministry of Foreign Affairs (MFA);
- The Public Sector Investment Facility (PIF), administered by the MFA; and
- Finnpartnership, which provides both a grant facility for Finnish companies and a 'matchmaking' service which helps connect Finnish businesses with potential private sector partners in developing countries.

Some of these instruments focus on leveraging private sector activity to support positive social and economic development impacts abroad. Others focus on enhancing commercial opportunities for Finnish private sector exports and activities abroad. In some cases, the instruments seek to achieve a combination of these objectives.

Regardless of their individual mandates, each of these instruments has the potential to be connected to adverse human rights impacts, through the operations of the businesses that they support. In other words, people – including employees, supply chain workers, or communities – can be negatively affected either directly by the activities of businesses receiving financing through the instruments or via their extended value chains. When those negative impacts reach a certain threshold, they become human rights impacts.

Each of the instruments, to varying degrees, has had policies and procedures in place to assess environmental and social risks connected to the businesses they support and, in some cases, to assess the positive development impacts that may also result. However, there can be significant gaps in the scope and application of these frameworks when it comes to assessing and addressing human rights risks.

The UNGPs are the authoritative international framework setting out expectations for how states and business entities

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<sup>1</sup> A broader focus on Business Finland was proposed during implementation, given the role and activities of Business Finland.

should prevent and address human rights impacts connected to business operations. The government of Finland has been a leading supporter of the UNGPs since their unanimous adoption by the UN Human Rights Council in 2011.

Under the UNGPs, *each of these instruments has its own individual responsibility to respect human rights, including to conduct human rights due diligence* – the process of assessing and taking action on actual and potential impacts on people. Because they are public instruments, the Finnish state as part of its own duty to protect against business-related human rights harms, also has a role in ensuring that each of these instruments is meeting that responsibility effectively.

**A Comprehensive Approach from the Finnish Government:** In April 2018, the Government of Finland launched an 18-month capacity-building program to support greater alignment between the policies, procedures and practices of these instruments with the expectations of the UNGPs. The comprehensive approach taken by the government represents a leadership position among states in meeting the first pillar of the UNGPs. While some states have provided policy guidance to state financing institutions or put formal questions to them on this topic, and a number of individual institutions in different countries have proactively taken steps to strengthen their human rights due diligence, only Finland has taken such a holistic approach – looking across all of the state instruments that provide support to the private sector, and going beyond policy guidance to provide ongoing capacity-building support. Through a public tender process, the Government of Finland engaged Shift, the leading center of expertise on the UNGPs, to design and deliver this support.

**Program Objective:** The objective of the program has been to equip each of the five instruments with the understanding and tools to align their policies, procedures and practices with the expectations of the UNGPs. At the same time, the program has provided an opportunity for Shift to contribute in various ways to the robust dialogue currently taking place in Finland on business and human rights among a variety of stakeholders and actors.

**The Nature of the Programmatic Support:** Based on initial collaborative assessment activities with colleagues from the government and the instruments, Shift shaped our programmatic support around the following two key features:

**A. Tailored Bilateral Support to Each Instrument:** Each of the instruments is structured differently, with different levels of capacity and different types of processes. Two of the instruments (Finnfund and Finnvera) are organizations with dedicated environmental and social (E&S) due diligence teams and extensive E&S due diligence frameworks, based on internationally recognized standards. Three of the instruments (PIF, BEAM, and Finnpartnership) are programs or funding facilities of the Finnish Government, rather than independent entities, administered by a small number of governmental and business staff, without dedicated E&S expertise, but where to varying degrees E&S and development impact considerations are included in the application, assessment, approval and implementation cycles of the programs (or project cycle).

Recognizing these important distinctions, Shift therefore took two different approaches in designing the support. With Finnfund and Finnvera, our support focused on strengthening the capacity of existing E&S teams on human rights due diligence, and then jointly assessing areas of alignment and gaps between existing E&S frameworks and the expectations of the UNGPs. The work then transitioned into supporting efforts to prioritize and then close those identified gaps in policy, procedure and practice.

With PIF and Finnpartnership, support focused more on reviewing the project cycle, including assessing ways in which human rights issues were or could be identified, prioritized and addressed most effectively at different stages of the project cycle, delivering capacity-building for program staff to be able to recognize where and how human rights issues might be relevant, and seeking to strengthen the supporting resources that program staff could call upon at different stages of the project cycle. (The support to BEAM has been prioritized for 2020.)

**B. Taking a ‘Business and Human Rights Eco-System’ Approach:** In addition to work with each of the instruments, Shift recognized common challenges facing each of the instruments and key actors that do or could play roles in support of them. For example, all of the instruments face similar questions in terms of understanding the scope of their responsibility and what types of actions are expected in practice. Several have extensive project portfolios and need tools to prioritize which projects pose the highest risks of being connected to severe human rights impacts, and

therefore need screening criteria to support this prioritization. Several of the instruments combine a development impact mandate with a responsibility to ensure respect for human rights.

As a result, Shift designed several activities, like training and capacity-building workshops on the core expectations of human rights due diligence, delivered jointly to all of the instruments. Going forward, this provides an opportunity to leverage some of the work taken forward by individual instruments for the benefit of all of them. (For example, the work with Finnfund on developing a more comprehensive screening tool could potentially benefit other instruments.) In addition, several instruments recognized a need for local resources to train business applicants and recipients of funding to meet the instruments' expectations that successful applicants will assess and address human rights impacts.

In addition, we identified a set of actors who do or could potentially play roles in supporting or engaging with the five instruments. For example, several instruments rely upon a relatively small group of Finnish sustainability consultancies that provide assessment and advisory services. Several government entities play key roles in the oversight, accountability and, in the case of PIF, administration of the instruments. In practice, this meant expanding the range of activities Shift undertook as part of the project to include engagement with civil society organizations, consultancies and government entities. It also meant leveraging opportunities, such as the Finnish National Contact Point's event launching the OECD Due Diligence Guidance for Responsible Business Conduct, to engage in the broader discussion taking place in Finland on various measures that could support responsible business conduct abroad.

## 2. REVIEW OF ACTIVITIES AND PROGRESS ACHIEVED

The program was built around five visits to Finland to undertake various activities, which took place in April 2018, September 2018, December 2018, March 2019 and April 2019. These visits were complemented by ongoing remote engagement with and support to each of the instruments. During each visit, Shift took forward bilateral support with each of the instruments, based on jointly defined priorities, and undertook other activities to support the broader 'business and human rights eco-system' of actors.

The work with each of the instruments consisted of combinations of the following activities:

- Assessing gaps between existing policies, procedures and practices and human rights due diligence;
- Senior level engagement with organizational leaders (Finnfund, Finnvera and Business Finland);
- Individual and joint capacity-building workshops;
- Case analysis;
- Supporting policy development;
- Strengthening processes to bring a stronger human rights lens in the application, assessment, approval and implementation phases of project cycles;
- Developing specific implementation tools, such as a screening tool for identifying higher-risk transactions; and,
- In the case of Finnvera, sharing both the process and the areas of focus with peer institutions at the OECD level.

In addition, support to the 'business and human rights eco-system' included the following:

- Engagement with civil society organizations;
- Workshops with Finnish sustainability consultancies that support the instruments;
- Engagement with government oversight bodies;
- A capacity-building workshop for Finnish businesses, and,
- Supporting the National Contact Point's business seminar launching the OECD's due diligence guidance.

Below, we provide greater detail on the specific areas of focus with each of the instruments, observations on progress achieved, and reflections on remaining challenges. Reflections on the cross-cutting activities follow a discussion of each instrument.

## A. Finnfund

- i. **Context:** Finnfund, Finland's national development finance institution, has an existing environmental and social (E&S) due diligence framework and a professional team of dedicated E&S advisors. The E&S framework is based on the leading industry standard, the IFC Environmental and Social Performance Standards (Performance Standards), which, while generally robust, have some important gaps in terms of alignment with the UNGPs. These gaps are particularly significant for an instrument such as Finnfund, where the development impact mandate means that Finnfund is often engaging in transactions in contexts that are higher-risk from a human rights perspective. Finnfund is an active member of the international development finance community, where discussions about alignment of the Performance Standards and the UNGPs have been taking place for several years.

Prior to the government capacity-building program, Finnfund had already engaged Shift in 2017 for an initial workshop and case discussion on human rights due diligence. Finnfund then commissioned a gap analysis of the alignment of its existing policies, procedures and practices with the UNGPs from an external third party. As one subsequent action, Finnfund was in the process of drafting its human rights policy commitment when the program began. As a result, human rights issues were already high on Finnfund's agenda, with substantial support from executive leadership.

ii. **Key Challenges:**

- Understand the practical implications of the gaps between existing E&S due diligence based on the Performance Standards and the UNGPs, for Finnfund's policies, procedures and practices.
- Strengthen existing policies, procedures and practices, and develop new tools as needed, to address those gaps.

iii. **Major Activities:** Support focused on equipping Finnfund's E&S team to address how existing E&S practices aligned or failed to align with the UNGPs. Shift and Finnfund collaboratively identified a series of activities to be undertaken as part of this support, which included:

- Reviewing the gap analysis and implementation plan, and helping Finnfund to prioritize actions flowing from the recommendations in the gap analysis;
- Taking forward case-based discussions to explore the translation of the proposed policy commitment into practice;
- Providing substantial input into the new human rights policy commitment, and as part of that process, exploring the implications for policy and practice implied by the commitments in the policy, as well as engagement with Finnfund's external advisory body around the policy commitment;
- Focusing attention on Finnfund's approach to screening for high-risk circumstances for severe human rights impacts, by jointly assessing gaps in existing frameworks (particularly the Performance Standards) and developing tools and indicators to screen for risks more comprehensively;

iv. **Most Significant Results:**

- Finnfund's new policy commitment now represents leading international practice among Finnfund's peers, in terms of alignment with the UNGPs. It also represents a significant advancement in the broader conversation among the development finance community, in terms of Finnfund's more comprehensive approach to screening for and prioritizing the most severe risks to people, commitment to exercising its leverage, an approach to enabling remedy when impacts occur, and the expectations Finnfund sets for its clients in these regards.
- Likewise, in our view the development of Finnfund's new screening tool represents the most robust attempt to date to address the gaps in existing industry practices.

v. **What Next:** There are several further areas of work to continue to take forward under the existing action plan Finnfund is implementing. These include:

- Exploring more effective approaches for due diligence in **indirect investment** (i.e., investment via financial intermediaries and in private equity), an increasing area of importance across development finance institutions;
- Supporting Finnfund's planned efforts to enhance its **reporting on human rights performance**, in alignment with the UNGP Reporting Framework;

- Continue developing **practical ‘toolkits’** on elements of Finnfund’s new human rights policy commitment, through further case-based discussions, including: (a) Leverage: practical steps that Finnfund (and its clients) can take when they are connected to human rights risks or impacts caused by third parties; (b) Remedy: exploring the roles that Finnfund (and its clients) can play to bring a focus to remedy in specific cases, when impacts occur; and (c) Stakeholder Engagement: articulating and implementing an approach to stakeholder engagement that recognizes the respective responsibilities of clients to conduct meaningful stakeholder engagement and the need for Finnfund to ensure that its due diligence is informed by the perspectives of those directly affected stakeholders;
- **Internal engagement:** strengthening the capacity of internal business leaders, beyond the E&S team, to understand these expectations and implement them with clients;
- **Client capacity:** Supporting Finnfund’s development of training tools for clients to help clients understand and meet Finnfund’s expectations around human rights, potentially in collaboration with support to other instruments.

## B. Finnvera

- Context:** Finnvera is Finland’s state export credit agency (ECA), providing Finnish exporters with credit and insurance for higher-risk transactions, and their business counterparts, including banks and foreign buyers, with guarantees to enable Finnish exporters to sell their products and services. Human rights issues are particularly relevant for ECAs, given the role they play in the marketplace. Export credit agencies often provide credit, insurance and guarantees for higher-risk transactions not serviced by the commercial market, due to perceptions of heightened political, economic, and/or social risks in the destination country.

Finnvera has a dedicated E&S due diligence team, and its E&S framework is based on the OECD Common Approaches, the industry standard for ECAs. However, like the Performance Standards, there are some significant gaps between the requirements of the Common Approaches and the expectations of the UNGPs. Although human rights was mentioned in areas of Finnvera’s approach, there was limited understanding throughout the business of the practical implications of an approach aligned with the UNGPs. Specific action was just beginning at the time the program began, with the hiring of a human rights expert onto the E&S team. In addition, Shift and Finnvera recognized opportunities to strengthen Finnvera’s existing E&S due diligence practices by leveraging leading practices from peer institutions.

- Key Challenges:**
  - Understand the gaps between the Common Approaches and the expectation of the UNGPs, and their implications for Finnvera’s policies, procedures and practices;
  - Build understanding and buy-in of senior leadership about the relevance of human rights within the E&S framework and the broader implications of the UNGPs for Finnvera’s business;
  - Explore ways to strengthen the role of E&S analysis in transaction decision-making and relationship management;
  - Address the perceived tension between robust environmental, social and human rights due diligence and maintaining a level playing field for Finnish exporters, without diluting standards or expectations.
- Major Activities:** As with Finnfund, support focused on building the capacity of Finnvera’s E&S staff on implementation of the UNGPs and their implications for Finnvera, in light of existing approaches. Major activities included:
  - Capacity-building for a broad cross-section of Finnvera leaders from various functions (through extensive Finnvera participation in a workshop conducted for all of the instruments);
  - Engaging in case-based discussions to understand areas of alignment and gaps between the UNGPs and the Common Approaches, focusing on concrete actions Finnvera could take in specific transactions;
  - Conducting a gap analysis of Finnvera’s policies, procedures and practices against the UNGPs, including a series of interviews with management, underwriters, E&S experts and other functions, presented to Finnvera’s leadership;
  - Engagement with senior management on the content and importance of the UNGPs and the work being undertaken;

- Providing input into Finnvera’s revised E&S policy and procedure and a possible human rights policy commitment;
- Co-presenting with Finnvera at a meeting of peer ECAs on the work Finnvera is undertaking, in order to continue to influence and raise industry standards and practices.

iv. **Most Significant Results:**

- Clearer understanding of the gaps in current approaches, in terms of alignment with the UNGPs, based on the gap analysis;
- A roadmap for further implementation, which highlighted four areas of focus: (a) the transactions that Finnvera prioritizes within its due diligence; (b) the actions that Finnvera can take to address risks, through the use of leverage; (c) integrating these expectations into Finnvera’s policy framework and embedding them throughout the business; and (d) communication and stakeholder engagement around human rights risk management and performance;
- Broader awareness and commitment from senior leaders and the organization about the relevance and importance of bringing a human rights lens to Finnvera’s E&S due diligence;
- Increased understanding and capacity of the E&S team regarding what it means in practice for Finnvera to align its approach with the UNGPs, with a focus on the scope of responsibility and applying leverage;
- A new (draft) E&S policy and procedure aligned with the UNGPs, which pushes industry practice and
- would position Finnvera in the leadership tier of peer ECAs.

v. **What Next?:**

- Continuing to develop tools and approaches to help Finnvera take action on areas identified in the roadmap. For example, as Finnvera expands the scope of transactions subject to review by the E&S team, developing tools to screen and prioritize this larger pool of transactions for enhanced due diligence, in alignment with the UNGPs;
- Supporting the E&S team to develop approaches to building the capacity of exporters to conduct their own human rights due diligence more effectively;
- Continuing to engage collaboratively with peer ECAs to raise industry standards and practices towards a ‘level playing field’, and to develop tailored approaches to specific higher-risk sectors

## C. Public Sector Investment Facility (PIF)

- i. **Context:** PIF supports public sector investments in developing countries which both support the UN Sustainable Development Goals (SDGs) and utilize Finnish expertise and technology. The program is administered by the Finnish MFA as part of Finland’s program of development cooperation, and managed by a team of technical experts. Given the focus on development impact, PIF projects often take place in operating contexts with heightened risk for severe human rights impacts. At the time the program began, PIF was in the first round of project proposals, with no projects having yet reached the stage of project approval or implementation.

PIF policies require human rights to be integrated into the project review and assessment process. Unlike Finnfund or Finnvera, PIF does not have a dedicated E&S team. A team of technical experts conducts the initial review of applications, and external consultants are commissioned by PIF to conduct field-based impact assessments. PIF and Shift jointly recognized gaps across all actors (program administrators, recipient companies, and consultancies) in being able to effectively identify, prioritize, and address human rights issues that might be connected to projects.

ii. **Key Challenges:**

- Identify key process moments (application, screening, assessment, approval, and engagement with recipient companies) where the human rights lens could be strengthened;
- Identify and strengthen the resources that could support PIF on human rights, including program administrators and external resources.



iii. **Major Activities:**

- Providing recommendations to strengthen screening and review criteria, and guidance to company applicants, on assessing human rights risks, based on a review of existing criteria and guidance, case-based analysis and meetings with program applicants;
- Acting as a sounding board for the PIF technical team and consultancies supporting the assessment process to help highlight potential risks and discuss specific dilemmas, with the aim of building the capacity of program administrators to bring a human rights lens to the evaluation process and engagement with applicants;
- Workshops with the technical team and the consultancies that provide assessment services to PIF to build understanding of how to integrate consideration of human rights risks.

iv. **Most Significant Results:**

- Greater awareness and understanding among PIF administrators of how to recognize and address potential human rights risks connected to projects funded by the facility;
- Recommendations for strengthening the guidance to applicants, review criteria and the process of engagement with funding recipients around human rights risks;
- Clearer understanding of some of the potential resource / capability constraints and needs of recipient companies in addressing identified risks.

v. **What Next?:**

- Continuing to develop the capability of PIF program administrators and consultancies to navigate specific human rights dilemmas within the context of individual funding proposals, either by continuing to leverage external expertise through a 'sounding board' role or further strengthening existing capacities;
- Bringing a human rights analysis to a planned review of the PIF program, after four rounds of funding;
- Developing diagnostic tools that could help PIF identify where to focus initial due diligence and develop clearer guidance on how that due diligence should be conducted (by applicants and consultancies);
- Continuing to explore ways that PIF could leverage existing E&S capacity and human rights expertise in the broader 'business and human rights eco-system', particularly through the Finnfund and Finnvera E&S teams;
- Exploring ways to better support companies in managing human rights risks that might be connected to project activities, once identified through the assessment process.

## D. Finnpartnership:

- i. **Context:** Finnpartnership, a program administered by Finnfund, supports Finnish companies to develop new business activities abroad that can have positive development impacts. Finnpartnership has two main programs: Business Partnership Support (BPS), which provides funding and advisory support to help Finnish companies assess new business opportunities in developing countries; and a Matchmaking Service, which helps connect Finnish businesses with potential private sector partners in developing countries.

Finnpartnership does not have dedicated E&S staff. Rather, Finnfund's E&S team conducts E&S due diligence on BPS applicants on behalf of Finnpartnership. Where significant environmental and social risks are identified, Finnpartnership has a voucher program to enable companies applying for funds to receive advice on managing risks from a pool of Finnish consultancies. However, based on discussions with the consultancies, several challenges were identified in their ability to provide meaningful advisory support. Finnpartnership has also integrated a CSR training module into its application workshop for companies, with only limited focus on respecting human rights.

Under its Matchmaking Service, Finnpartnership supports a registry of potential private sector partners in developing countries for Finnish businesses. Companies registering for the matchmaking service must commit to Finnpartnership's Code of Conduct, which has limited reference to ensuring respect for human rights. Although Finnpartnership makes no claim to conduct due diligence on potential partners, it is very likely that Finnish businesses utilizing the service perceive these potential international partners as 'pre-approved' by the Finnish Government.

ii. **Key Challenges:**

- Strengthen capacity of Finnpartnership staff to understand human rights risks connected to the two programs they administer, particularly given that most projects under the BPS are early stage identification of potential business opportunities, and that the Matchmaking Service is a free resource with no further role played by Finnpartnership;
- Enable effective identification of higher-risk projects;
- Target and strengthen the advisory support provided to companies to manage identified risks;
- Strengthen the screening process for foreign companies seeking to utilize the Matchmaking Service.

iii. **Major Activities**

- Provided recommendations on potential changes to the BPS application process, in collaboration with Finnfund and Finnpartnership, to ensure that the process provided the right information to the Finnfund E&S team to be able to assess human rights risks;
- Provided recommendations on potential ways to strengthen the voucher program, so that it can deliver more meaningful support to companies undertaking higher-risk projects, based on discussions with Finnpartnership, Finnfund and the consultants providing the advisory support;
- Provided recommendations on ways to strengthen the human rights content in the BPS induction workshops;
- Provided recommendations for how to strengthen the due diligence connected to the Matchmaking Service, including strengthening the Code of Conduct and revisions to the registration and screening processes;
- Provided recommendations on the role of ‘company spotters’ (who support the matchmaking service) in identifying human rights concerns and ways to strengthen their capacity to do so.

iv. **Most Significant Results**

- Greater understanding of the Finnpartnership team on ways in which the program could be connected to human rights impacts;
- The BPS application process was updated to include more of the information that Finnfund’s E&S team needs to assess human rights risks;
- The Matchmaking Service Code of Conduct was updated to reflect stronger expectations on respect for human rights;
- The terms of reference for company spotters were updated to reflect their role in assessing human rights risks connected to those applying for registration.

v. **What Next?:**

- Opportunity for further revisions to the BPS application form, particularly now that Finnfund has further developed its screening tools for heightened risk;
- Opportunity to strengthen the voucher program to provide more in-depth support to those projects where the most severe human rights risks are identified;
- Opportunity to strengthen the human rights content in both the induction workshops and the ‘Growth through SDGs’ advanced workshops introduced in early 2019;
- Continuing to strengthen the due diligence on companies registering for the Matchmaking Service, including the capacity of company spotters, and potentially leveraging local Finnish embassies in support of this.

## **E. BEAM program / Business Finland:**

Discussions were started with the Business with Impact (BEAM) program that focuses on promoting SDG-compatible solutions for growth markets in developing countries. Discussions are still on-going regarding how Shift best could support the targets and way of working in Business Finland as a whole, as part of the next phase of the program.

### 3. INITIAL IDEAS FOR NEXT PHASE OF SUPPORT

In 2019, the Finnish government decided to extend Shift's support to the private sector instruments for a further 18-month period. This provides a number of opportunities for both continuing and reshaping the focus of our support. Below, we provide several suggestions about potential areas of focus.

#### A. Bilateral Support to Instruments:

- i. Both **Finnfund and Finnvera** have clear action plans for implementation of the UNGPs, based on the gaps and/or priorities jointly identified with Shift. We would envision continuing to provide significant support to both instruments to continue to develop the policies, procedures, practices and tools to meet their responsibility to respect human rights under the UNGPs. There is a clear opportunity to leverage the tools being developed by each organization for the benefit of other instruments.

Through the work each organization has undertaken and plans to continue, both are poised to play leadership roles among their international peers, strengthening industry practices and standards. We would envision opportunities to continue to both profile their efforts to among peer institutions and support their efforts to collaborate with peers on shared challenges.

- ii. As described above, there is an opportunity for the work with Business Finland to move ahead.
- iii. We would envision more limited support to **PIF and Finnpartnership** in the next phase. In the first phase of the program, we were able to build a very constructive relationship with the PIF team. However, with a limited project portfolio, we might suggest reducing the program resources dedicated to PIF, while still being able to continue acting as a sounding board on specific transactions, supporting the program's planned evaluation, and looking for opportunities to ensure that PIF has access to the internal or external resources necessary to bring a human rights lens to the PIF project cycle. In the case of Finnpartnership, the fact that Finnfund's E&S team conducts due diligence on behalf of Finnpartnership, and that this process has been strengthened, suggests that reducing project resources may be warranted here as well. We might continue to focus on strengthening the targeting and effectiveness of the voucher program – in order to more effectively address identified risks – and on recommendations regarding the Matchmaking Service, but with reduced allocation of resources.
- iv. Towards the end of the first phase, we initiated discussions with **Education Finland**, a separate instrument which supports Finland's education industry to identify and take advantage of international growth and export opportunities, and a program of support could be developed to strengthen capacity and processes to recognize and manage human rights risks.

#### B. Supporting the Broader Eco-System:

There continues to be a need to identify organizations or resources that can provide capacity-building to businesses applying for or receiving funding from each of the instruments. Continued engagement with Finnish consultancies may provide an opportunity to revisit opportunities in this area. We are also likely to explore whether an e-learning course might be developed for the benefit and utilization of all instruments.

We also plan to explore appropriate opportunities for further engagement with government and civil society actors playing various roles that are relevant to the work of the instruments.

