



A Decade's Commitment to Addressing Core Development Challenges: Finland's Development Policy and Cooperation in Eastern Europe and Central Asia – Selected Highlights from the Evaluation

Background and Rationale

Central Asia holds a significant **geo-political location** and has become an increasingly important partner to the EU. Finland's engagement is guided by the EU policies and strategies for this region and for partnerships in the Eastern Europe. Similarly, Finland's partnership with Ukraine is based not only on development policy but also on **Finland's foreign and security policy** objectives. Finland supports Ukraine's reform process to strengthen democracy development.

Finland has engaged in development cooperation in the region for several decades. Since 2009, Finland has had two regional programmes, **Wider Europe Initiative I and II**, followed by the **Country Strategies** for Kyrgyzstan and Tajikistan as well as Ukraine in 2018-2021. The number of partnership countries has reduced over time. Currently, bilateral development cooperation is mostly implemented in **Kyrgyzstan, Tajikistan, Ukraine and Uzbekistan**.

Finland has worked with partners in Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyz Republic, Moldova, Tajikistan, Turkmenistan, Ukraine and Uzbekistan as well as regionally across borders.

Finland's Development Policy 2016 sets out the key areas for support in Central Asia - strengthening human rights, the rule of law, the business environment, water resource management, and climate change preparedness – in the poorest countries in the region: Kyrgyzstan and Tajik-

istan. Finland seeks to support stability, sustainable development, and prosperity in Central Asia. In Ukraine, the focus has been on supporting structural reforms such as constitutional and legislative reforms, and reconstruction.

Due to the long history of development cooperation in the region by Finland, there is a need for **a holistic understanding** of its long-term achievements. The evaluation helps the Ministry for Foreign Affairs (Ministry) identify the best ways to achieve its policy objectives and to enhance management approaches.

The evaluation covered development policy and cooperation by the Department for Russia, Eastern Europe and Central Asia, **in 11 countries over the 2009-2021 period**, with deeper focus on **Kyrgyzstan, Tajikistan and Ukraine**. This included the various funding instruments: bilateral, multi-bilateral, institutional cooperation instrument (ICI) and the funds for local cooperation (FLC).

Evaluation examined questions related to **relevance, impact, sustainability and coherence** of Finnish support across the decade. Through evaluating the **effectiveness and management** of the on-going country strategies, it provides insights on how to strengthen the Ministry's development cooperation and their management.

The main users of this evaluation are the Ministry, Finnish Embassies and Permanent Missions, the Parliament and its Foreign Affairs Committee, the Development Policy Committee and the public sector agencies and civil society organizations operating in the region. Partner organizations and other stakeholders may also benefit from this evaluation.

In this brief, the Development Evaluation Unit highlights some interesting findings and conclusions reached by the Evaluation Team.

Finland has remained relevant to the needs of partner countries across the decade 2009-2021.

This has become more explicit during the 2018-2021 country strategies. This phase also saw a more cohesive approach, combining Finland's development policy priorities with partner country needs. The fact that Finland's development priorities match the countries' needs and have remained consistent has contributed to relevance. Also, the gradual shift towards a country focus in programming has allowed a closer mapping against country needs. However, the extent to which Finland is allocating the majority of the funds to the least developed countries – a priority in the country's development policy – has been decreasing.

Finland is perceived as a small and specialized donor, with its added value in long-term support and the selected sectors and themes.

Foreign and security policy priorities have been key drivers to Finland's development cooperation in the region,

despite their reduced presence in the 2012 Finnish development policy. Finland, along with the EU, responded to the events in Ukraine and maintained a strong linkage between the two policy branches, with a focus on security, crisis management and conflict resolution.

The linkages between trade and development were not made explicit during 2009-2021.

The evaluation observed that the 2018-2021 country strategies have some limited linkages to trade development or supporting opportunities for Finnish companies.

Finland has engaged in resolving the key development challenges...

The demand-driven dynamics has underlain Finnish support especially during 2018-2021. Finland has engaged in economic development, environment, good governance and human rights, social sustainability and inclusivity. In so doing, Finland has maintained a strong reputation as a donor committed to addressing core challenges faced by the partner countries. In Ukraine, the demand-driven introduction of two major projects sup-

porting the country's reform agendas were based on Finland's reputation in the education and energy efficiency sectors.

...in thematic areas and sectors that are Finland's strengths.

Finland has promoted social inclusion, human rights and protection of persons in disadvantaged positions and focused its cooperation on energy efficiency, environment and education. In cases where the financial contribution has been smaller, Finland has been able to use Finnish expertise in the form of seconded experts.

Finland is perceived as a small and specialised donor. The Finnish added value is in its expertise in the selected sector and thematic areas and its willingness to commit to long-term support.

Transformative impacts have occurred at sector and policy levels as well as in the human rights and lives of persons in disadvantaged positions.

Some positive examples include the revitalisation of an industry such as the fishery **sector** in Kyrgyzstan, which has led to job creation, health benefits for the country's population, a significant boost in export potential and commercial investments. **The country has switched from being a net importer to being a net exporter of fish.** In Ukraine's education sector, there are signs of **cultural change in the teaching profession and improvement of public opinion towards the school reform process.**

Inter-ethnic tensions were reduced in 20 Kyrgyz schools thus benefitting 15,077 pupils. In South Caucasus, a project **built confidence** among Georgian and Armenian youth **and stimulated joint activities.**

A free legal advisory system for persons in vulnerable positions was created in Kyrgyzstan and Tajikistan. In Ukraine, new legislation and amendments were adopted on protecting **property rights and voting rights** for internally displaced persons. **Social inclusion of persons with disabilities** in Turkmenistan improved. In Kyrgyzstan, **awareness of disability and women's rights** was raised among the beneficiary groups and the wider public. With Finland's support, **the UN Convention on the Rights of Persons with Disabilities was enacted.**

In Kyrgyzstan and Tajikistan, **some 5 000 jobs** were created through the export-related activities and the establishment of the Guarantee Fund alone. Both countries

also saw **improved production and export capacities in agriculture**. In Tajikistan, the development of business intermediary organizations as well as the adoption of national-level policies have contributed towards the **improved investment climate** in the country.

Finland has **improved institutional capacities and services in meteorology and geology**. Particularly in the environmental sector, investment in infrastructure, transfer of technology and know-how have led to positive impacts for communities, institutions and nationwide. The effects can be seen in **increased cross-border cooperation particularly in river basin management, improved disaster risk reduction, energy efficiency, and climate resilience**.

Positive changes were obtained in occupational health (Kyrgyzstan, Tajikistan), with a 20 % reduction of accidents in the workplace in Kyrgyzstan, **and nuclear related safety (Ukraine)**. Water related projects have provided **access to safe drinking water and improved sanitation, with positive health impacts**, particularly for women in Central Asia.

However, it should be noted that Finnish financial support is modest compared to other funders in the region.

Interventions in Central Asia have mostly been on track to achieve their targets for 2021, but the case of Ukraine is more varied.

In Central Asia, results were achieved in more equal societies, human rights and rule of law; sustainable and inclusive economic growth; and environmentally sustainable society. Suspension of funding has influenced effectiveness in Tajikistan. In Ukraine, the relatively new projects in education and energy efficiency faced delays during start-up.

One key factor that increased effectiveness was the extent to which the projects had control over the context of implementation. Such were, for example, capacity-development for teachers and trainers, development of online materials and information campaigns to the wider public.

Covid-19 has reduced effectiveness for the current country strategies.

In all countries, the Covid-19 pandemic has caused restrictions in working and travel. Some activities have been cancelled or postponed, some transferred online. Persons that are in the most disadvantaged situations – such as women and children at risk of violence, persons with disabilities, undocumented migrants, homeless people and refugees – have been negatively affected

by these changes in access to outreach services such as justice and legal aid.

Funds for Local Cooperation and multilateral partners emerge as champions in the overall effectiveness.

FLC administered by the Finnish embassies, serve as a valuable tool for strengthening the linkages with the Finnish **foreign policy priorities in the region, maintaining a local presence, visibility and ties with the civil society and supporting donor coordination**. Through the FLC, it is possible to complement other instruments and tackle issues that may otherwise be too sensitive to take on at national level or in large-scale interventions.

Other funding instruments used in the Finnish development cooperation in the region had different degrees of success in achieving the planned results.

Multi-bilateral and multilateral / regional projects demonstrated the strongest results. Multilateral partner organizations such as UNDP, ILO and FAO have their expertise, global experience as well as relations with national stakeholders to build on.

Sustainability of results and impact is not yet achieved for the majority of interventions.

Only a few positive examples stand as exceptions. Long-term support has led to sustainability in some cases. Support to capacity development of existing or established institutions as well as ownership, especially at policy level, have been key in improved sustainability.

Explicit plans for sustainability, strategies for developing ownership among the beneficiaries or exit plans do not appear to receive attention in programmatic documentation.

Management during the 2018-2021 country strategy period has been optimized...

Country strategies have facilitated effective coordination from programmatic, regional and sectoral points of view. The mix of funding instruments used to implement the portfolio has secured results in a holistic fashion.

In Central Asia, the use of multi-bi and ICI instruments together with long-standing relations with the implementing partners have allowed effective portfolio over-

Funds for local cooperation link to local contexts and can address sensitive issues.

sight. In Ukraine, the evaluation found the level of day-to-day management proportionate to the level of funding provided, with the labor-intensive EU project management as a notable exception.

Funding cuts have affected the human resources tasked with development cooperation in the Department. The regular staff rotation adds to the challenges of staff capacity.

...but the Ministry's ability to function as a 'learning organization' remains limited.

The strategic vision that brings together all funding instruments and interventions, and their relationships and synergies with other type of support by Finland in the region are not articulated to the fullest. Results reporting has not been sufficiently detailed, and documentation demonstrates little evidence of inter-regional learning. While there are some examples of learning at the planning phase, the evidence of reviewing project performance during implementation is scarce.

Addressing the human-rights based approach and cross-cutting objectives faces the same challenge; the initial screening is well-established, whereas monitoring and reporting are not. The evaluation proposes further capacity development in results-based management, and involving local stakeholders, such as civil society, in programming.

Coherence and synergies are not fully explicit.

There has been strong implicit coherence in the portfolios across the period. However, there are gaps in coherence and synergies being explicitly stated in documentation. Although coordination between the unit and other

departments in the Ministry is generally good, and good project cases do exist, explicit coherence and synergies could be strengthened, specifically between interventions addressing the same sector or theme and at country strategy level.

Evaluation Methodology

The evaluation was theory-based, with the 'reconstructed' underlying Theories of Change relating to the three sub-periods (2009-13; 2014-17; 2018-21). The evidence streams included a desk review using corporate data and previous evaluations, 89 interviews as well as written responses. Three in-depth country reviews were conducted on the Kyrgyzstan, Tajikistan and Ukraine, covering all sectors, themes and instruments. The findings were triangulated against each other, against other relevant external sources and by using different methods.

Acknowledged limitations

- The evaluation does not cover all Finnish support directed to this region.
- Documentary evidence on impact, sustainability, internal decision-making, results analysis and reporting at aggregate level contains gaps.
- The financial data has limitations with regard to internal consistency and reliability.
- Turnover of staff over the period under evaluation has led to institutional memory gaps in the Ministry in some cases.
- The Covid-19 pandemic restricted face-to-face interaction during data collection and analysis phases.



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