

# Evaluation

## Complementarity in Finland's Development Policy and Co-operation Synthesis



**Evaluation report 2014:2**

**MINISTRY FOR FOREIGN AFFAIRS OF FINLAND**

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## **Complementarity in Finland's Development Policy and Co-operation**

**Synthesis**

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# Evaluation

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### Synthesis

Lucien Bäck  
Ann Bartholomew

### Evaluation report 2014:2

MINISTRY FOR FOREIGN AFFAIRS OF FINLAND

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This evaluation was commissioned by the Ministry for Foreign Affairs of Finland to Particip GmbH. The Consultant authors bear the sole responsibility for the contents of the report.

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## PREFACE

Finland is committed to improve and accelerate complementarity actions in her development co-operation in order to reach common goals with development partners, as agreed in Busan partnership for effective development co-operation. To this end, the Ministry for Foreign Affairs of Finland commissioned a comprehensive evaluation on the complementarity in the Finland's development co-operation. The evaluation was divided to several case studies looking the complementarity in some of the instruments like NGO funding and institutional partnerships as well as in country strategies with Mozambique and Zambia. This Synthesis aggregates the results and lessons learned in different case studies and makes policy level conclusions and recommendations.

During the evaluation period (2004-2012), there was increasing recognition of the importance of national ownership and leadership of partner countries for their own development as agreed in Paris declaration. However, the broader understanding of complementarity as expressed in the Busan High-Level Forum Outcome Document was not sufficiently reflected in Finland's policies and implementation modalities. The high degree of centralisation of programme review processes and decision-making on appropriations in the MFA favoured external complementarity. However, this did not translate into increased internal complementarity. Delivery modalities of Finland's co-operation largely acted in isolation from each other, and without adequate internal mechanisms to ensure complementarity.

The synthesis recommends developing clear policies and practical guidelines on complementarity. It also recommends de-centralising the administration of development co-operation, while strengthening oversight of compliance with complementarity requirements. The MFA should also explore new ways of promoting complementarity of development co-operation through channels involving other Finnish stakeholder – for example, NGOs and public agencies implementing IKI projects, as well as multilateral forms of aid.

Helsinki, 10.2.2014

Jyrki Pulkkinen  
Director  
Development Evaluation



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## ACRONYMS AND ABBREVIATIONS

€	Euros
3-Cs	Co-ordination, Complementarity and Coherence
Abilis	Finnish NGO Foundation for People with Disabilities
AfDB	African Development Bank
AfT	Aid for Trade
CIFOR	Centre for International Forestry Research
CSO	Civil Society Organisation
EAMR	External Assistance Monitoring Report
EC	European Commission
ECDPM	European Centre for Development Policy Management
ECHO	EU Directorate General for Humanitarian Aid & Civil Protection
EEAS	European External Action Service
EIF	Enhanced Integrated Framework
EQ	Evaluation Question
EU	European Union
FAO	Food and Agriculture Organisation of the United Nations
FC	Facilitation Consultant
FDA	Finn Church Aid
Fida	Development Co-operation Organisation of the Finnish Pentecostal churches
GBS	General Budget Support
GEF	Global Environment Facility
GNI	Gross National Income
GoM	Government of Mozambique
GoZ	Government of Zambia
HEI-ICI	Higher Education Institutions – Institutional Co-operation Instrument
ICRAF	World Agroforestry Centre
IFAD	International Fund for Agricultural Development
IKI	Institutional Co-operation Instrument (Instituutioiden välisen kehitysyhteistyön instrumentti)
INGO	International Non-Governmental Organisation
ITC	International Trade Centre
Kepa	Finnish Service Centre for Development Co-operation (umbrella organisation for Finnish development NGOs)
KIOS	Finnish NGO Foundation for Human Rights
LCF	Local Co-operation Fund
LDCF	Least Developed Countries Fund
LRRD	Linking Relief with Rehabilitation and Development
M&E	Monitoring and Evaluation
MDG	Millennium Development Goal
MFA	Ministry for Foreign Affairs (Finland)

NAO	National Audit Office (Finland)
NGO	Non-Governmental Organisation
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OECD-DAC	OECD Development Assistance Committee
PARP	Action Plan for the Reduction of Poverty
PARPA II	Action Plan for the Reduction of Absolute Poverty
PDR	Lao People's Democratic Republic
PSDRP	Private Sector Development Reform Programme
QAG	Quality Assurance Group
SBS	Sector Budget Support
SCCF	Least Developed Countries Fund
Siemenpuu	Finnish NGO Foundation for the Environment
ToR	Terms of Reference
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNFF	United Nations Forum on Forests
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
WB	World Bank
WFP	World Food Programme
WTO	World Trade Organisation







# **Evaluointi täydentävyydestä Suomen kehityspoliitikassa ja kehitysyhteistyössä**

## **Synteesi**

*Lucien Bäck ja Ann Bartholomew*

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## **TIIVISTELMÄ**

Evaluoinnin tarkoituksena oli oppia vuosina 2004–2012 saaduista kokemuksista sekä ehdottaa evaluoinnin tuloksien pohjalta mekanismeja täydentävyyden parantamiseksi. Evaluointi käsitti neljä osaevaluointia. Evaluoinnissa käytettiin useita menetelmiä, kuten dokumenttianalyyseja, haastatteluja, survey-tutkimuksia ja vierailuja kymmeneen kumppanimaahan.

Suomen vuosien 2004, 2007 ja 2012 kehityspoliittisissa ohjelmissa täydentävyyteen viitattiin yleisesti periaatteena, mutta käsitettä ei määritelty tarkemmin. Suomen tuki oli ulkoisesti täydentävää monenkeskisissä konteksteissa sekä linjassa kumppanimaiden kansallisten kehityspoliittikkojen ja -strategioiden kanssa. Suomi tavoitteli myös optimaalista koordinoitua eri avunantajien välillä. Sisäiseen täydentävyyteen Suomen kehitysavun eri muotojen ja instrumenttien välillä kiinnitettiin vain vähän huomiota. Ne toimivat suurimmaksi osaksi erillään toisistaan ilman riittäviä sisäisiä mekanismeja täydentävyyden takaamiseksi. Laadun tarkastuksen ja päätöksenteon suuri keskittäminen suosi ulkoista täydentävyyttä, mutta se ei lisännyt sisäistä täydentävyyttä.

Ulkoasiainministeriön olisi kehitettävä selkeämpiä toimintatapoja, ohjeistuksia ja seuranta täydentävyyden parantamiseksi sekä hajautettava kehitysyhteistyön hallintoa. Olisi myös pohdittava uusia tapoja edistää täydentävyyttä muiden suomalaisten instituutioiden ja järjestöjen kanssa, esimerkiksi IKI-hankkeiden toteuttajien ja kansalaisjärjestöjen kanssa.

*Avainsanat:* täydentävyys, johdonmukaisuus, koordinointi, instituutioiden välisen kehitysyhteistyön instrumentti, kansalaisjärjestöt

# Utvärdering av komplementaritet i Finlands utvecklingspolitik och -samarbete

## Syntes

*Lucien Bäck och Ann Bartholomew*

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## REFERAT

Utvärderingen syftade till att lära av erfarenheterna mellan 2004 och 2012 och utifrån detta föreslå mekanismer för ökad komplementaritet. Utvärderingen bestod av fyra fallstudier. Flera utvärderingsmetoder tillämpades, däribland dokumentgranskning, intervjuer, enkäter och besök i 10 partnerländer.

Finlands utvecklingspolitiska åtgärdsprogram från 2004, 2007 och 2012 hänvisade till komplementaritet som en princip men gav ingen detaljerad definition av begreppet. Finlands insatser var externt komplementära inom multilateralt utvecklingssamarbete och anpassade till nationella utvecklingspolitiska riktlinjer och strategier av partnerländerna. Finland också strävade efter en optimal givarsamordning. Den interna komplementariteten mellan Finlands olika biståndskanaler och -instrument uppmärksammades inte särskilt mycket. De olika instrumenten var till stor del isolerade från varandra och utan ändamålsenliga interna mekanismer för att säkerställa deras komplementaritet. Den stora graden av centralisering i granskningsprocesser och finansieringsbeslut gynnade extern komplementaritet men medförde inte ökad intern komplementaritet.

UM bör utarbeta tydliga riktlinjer, anvisningar och monitorering om komplementaritet på övergripande nivå och decentralisera administrationen av utvecklingssamarbetet. UM bör främja komplementaritet med andra finländska aktörer, t.ex. icke-statliga organisationer och tekniska organ som genomför IKI-projekt.

*Nyckelord:* komplementaritet, samstämmighet, samordning, Institutionella samarbetsinstrumentet, icke-statliga organisationer

# Evaluation on Complementarity in Finland's Development Policy and Co-operation

## Synthesis

*Lucien Bäck and Ann Bartholomew*

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## ABSTRACT

The Evaluation aimed to learn from experiences gained between 2004 and 2012, with a view to proposing mechanisms to enhance complementarity. The evaluation comprised four case studies. The evaluation used multiple methods, including document reviews, interviews, surveys, and visits to 10 partner countries.

In Finland's Development Policy Programmes from 2004, 2007 and 2012, complementarity was generally referred to as a principle, but the concept was not defined in detail. Finland's contributions were externally complementary in multilateral contexts and aligned with partner countries' national development policies and strategies. Finland also aimed at optimal donor co-ordination. Internal complementarity between the various channels and instruments of Finland's development aid received little attention. They largely acted in isolation from each other without adequate internal mechanisms to ensure complementarity. The high degree of centralisation of review processes and decision-making favoured external complementarity, but it did not translate into increased internal complementarity.

The Ministry for Foreign Affairs (MFA) should develop clear policies, guidelines and monitoring on complementarity and decentralise the administration of development co-operation. The MFA should also explore new ways of promoting complementarity with other Finnish institutions, e.g. NGOs and technical agencies implementing IKI projects.

*Keywords:* complementarity, coherence, co-ordination, Institutional Co-operation Instrument, Non-Governmental Organisations

## YHTEENVETO

Suomen kehityspolitiikan ja kehitysyhteistyön täydentävyyden evaluoinnin tavoitteena oli varmistaa politiikan ja yhteistyön eri instrumenttien täydentävyys sekä oppia vuosina 2004–2012 saaduista kokemuksista.

Tämä raportti on synteesi neljästä osaevaluoinnista. Ensimmäinen osa, joka sisältyy tähän synteesiin, koski politiikkaa ja käytäntöjä, toinen osa Suomen maaohjelmia Sambiassa ja Mosambikissa, kolmas instituutioiden välisen kehitysyhteistyön instrumenttia (IKI) ja neljäs kansalaisjärjestöjen toteuttamaa kehitysyhteistyötä.

Kaikkiin osaevaluointeihin sisältyi dokumenttianalyysi ja keskeisten sidosryhmien edustajien haastatteluja. IKI-instrumenttia ja kansalaisjärjestöjä koskevissa osaevaluoinneissa tehtiin myös kenttätutkimuksia yhteensä kymmenessä kumppanimaaissa. Lisäksi evaluoinnit sisälsivät survey-tutkimuksia.

## TULOKSET

### Kehityspolitiikka ja ohjeistus

Ulkoasiainministeriön vuosien 2004, 2007 ja 2012 kehityspoliittisissa ohjelmissa täydentävyyteen viitattiin yleisesti periaatteena, mutta sitä ei määritelty tarkemmin. Tarkimmat viittaukset ja ohjeet koskivat Suomen ja sen kumppanimaiden välistä yhteistyötä sekä monenkeskisiä ja EU-tason suhteita. Sisäiseen täydentävyyteen Suomen avun eri muotojen ja instrumenttien välillä kiinnitettiin näissä dokumenteissa melko vähän huomiota.

### Ulkoinen täydentävyys

Suomi on johdonmukaisesti sitoutunut monenkeskiseen yhteistyöhön sekä kantaan, että kansainvälisiä normeja ja kehitystavoitteita on edistettävä ja tuettava.

Suomen maatason kehitysyhteistyö sovitettiin tarkasti yhteen kumppanimaiden kansallisten kehityspolitiikkojen ja -strategioiden kanssa. Lisäksi pyrittiin optimaaliseen koordinointiin ja työnjakoon eri avunantajien välillä Taloudellisen yhteistyön ja kehityksen järjestön (OECD) ja Euroopan unionin (EU) kontekstissa.

### Sisäinen täydentävyys

Avunannon eri muodot – esimerkiksi kansalaisjärjestöyhteistyö ja IKI-instrumentti – toimivat suureksi osaksi erillään toisistaan ja ilman asianmukaisia sisäisiä koordinoitumekanismeja.

Laadun tarkastuksen ja päätöksenteon suuri keskittäminen ulkoasiainministeriössä suosi ulkoista täydentävyyttä. Se ei kuitenkaan lisännyt sisäistä täydentävyyttä kehitysyhteistyön eri muotojen ja instrumenttien välillä.

## **Tilivelvollisuus, tiedonhallinta ja viestintä**

Evaluoinnissa ei löydetty näyttöä kattavista seuranta- ja evaluointikäytännöistä operatiivisella tasolla. Tieto Suomen kehitysavun eri muodoista ja instrumenteista – esimerkiksi IKI-instrumentista ja kansalaisjärjestöyhteistyöstä – oli erittäin hajanaista ja joissakin tapauksissa myös puutteellista.

## **PÄÄTELMÄT**

### **Politiikka ja ohjeistus**

- Evaluoitavan ajanjakson aikana (2004–2012) alettiin ymmärtää yhä enemmän kumppanimaiden kansallisen omistajuuden ja johtajuuden merkitystä niiden oman kehityksen edistämisessä. Vuoden 2011 Busanin korkean tason kokouksen päätösasiakirjassa esitettiin laajempi näkemys niistä moninaisista tekijöistä, jotka vaikuttavat kehityksen tuloksellisuuden saavuttamiseen. Tätä muutosta ei otettu riittävästi huomioon Suomen kehityspolitiikassa ja sen toteutuksessa.
- Suomen kehitysyhteistyössä pitää säilyttää useita eri tukimuotoja ja instrumentteja, jotta suomalaisen yhteiskunnan erilaiset intressit voidaan huomioida. Tässä kontekstissa täydentävyyttä voidaan pitää sopivana periaatteena, johon kannattaa pyrkiä.
- Kehitysyhteistyön kokonaisbudjetin tiukentuminen vuodesta 2014 lähtien merkitsee sitä, että on joko tehtävä vaikeita valintoja ja hylättävä joitakin avun muotoja ja instrumentteja tai vaihtoehtoisesti hyödynnettävä paremmin olemassa olevia resursseja eri tarkoituksiin. Haasteena on avun tehokkuuden ja täydentävyyden lisääminen.

### **Ulkoinen täydentävyys**

- Suomen osallistuminen kansainvälisten linjausten laatimiseen Yhdistyneissä kansakunnissa (YK), OECD:ssa ja EU:ssa on laajasti tunnustettua ja täydentää menestyksekkäästi muiden maiden ja toimijoiden kehitysyhteistyötä.
- Uusi maaohjelmapirosessi korostaa tuloksiin perustuvaa johtamistapaa (results-based management), tuen yhteensovittamista kumppanimaiden kansallisten tarpeiden ja prioriteettien kanssa sekä Suomen kehityspolitiikan noudattamista.

### **Sisäinen täydentävyys**

- Suomen kehitysyhteistyön tukimuotojen monipuolisuus kertoo Suomen hallituksen ja koko yhteiskunnan teknologisista ja kaupallisista kiinnostuksen kohteista.
- Ulkoasiainministeriön johtamiskäytännöt suosivat hanke-ehdotusten etukäteis-

arviointeja. Sen sijaan mekanismit, joilla seurataan politiikkojen ja ohjeistusten noudattamista operatiivisissa yksiköissä ja edustustoissa, olivat melko heikkoja.

- Kehitysyhteistyöhön osallistuvien suomalaisten hallintoelinten ja valtiosta riippumattomien organisaatioiden (esimerkiksi IKI-hankkeita toteuttavien julkisten laitosten, kansalaisjärjestöjen ja yksityisen sektorin) on noudatettava Suomen kehityspolitiikkaa sekä siihen liittyviä ohjeistuksia ja menettelyjä voidakseen saada rahoitusta ulkoasiainministeriöltä. Tähän liittyvien vaatimusten on kuitenkin oltava tasapainossa kyseisten tahojen riippumattomuuden ja aloiteoikeuden kanssa. Täydentävyys olisi tässä mielessä hyödyllinen periaate.

## Tilivelvollisuus, tiedonhallinta ja viestintä

- Seuranta- ja evaluointikäytäntöjen puuttuminen operatiiviselta tasolta ja IKI-instrumentista on merkittävä tekijä, joka selittää sisäisen täydentävyyden heikkoutta. Toinen selittävä tekijä on avointen tiedonhallinta- ja viestintäjärjestelmien puuttuminen.

## SUOSITUKSET

1. Vuoden 2012 Suomen kehityspoliittiseen ohjelmaan on liitettävä asiakirja, jossa määritellään selkeästi ulkoinen ja sisäisen täydentävyys.
2. Ulkoasiainministeriön on päivitettävä vastaavasti kehityspolitiikan ohjeistusta ja toimintamalleja.
3. Suomen pitäisi jatkaa osallistumista erilaisiin maailmanlaajuisiin ja alueellisiin foorumeihin ja yhteistyöhön. Suomen pitäisi myös puhua kansainvälisessä yhteisössä sen puolesta, että uusien kehityskumppaneiden (esimerkiksi Brasilian, Kiinan, Intian ja Etelä-Afrikan) kanssa aletaan käydä tiiviimpää vuoropuhelua kehityskysymyksistä.
4. Suomen pitäisi jatkaa tuloksiin perustuvan maaohjelmaprosessin täytäntöönpanoa pitkäaikaisissa kumppanimaissa. Kansalaisjärjestöyhteistyö ja IKI-instrumentti pitäisi integroida aiempaa paremmin maaohjelmiin. Suomen pitäisi myös edelleen osallistua EU:n yhteiseen ohjelma-aloitteeseen.
5. Ulkoasiainministeriön pitäisi harkita alle 500 000 euron määrärahoja koskevan päätöksenteon hajauttamista ministeriön operatiivisille tasoille sekä edustustoihin, tilanteen mukaan. Samalla sen pitäisi vahvistaa täytäntöönpanon seurantaa, josta on vastuussa ministeriön kehityspoliittinen osasto.
6. Ulkoasiainministeriön pitäisi etsiä uusia tapoja edistää täydentävyyttä kahdenvälisessä ja monenkeskisessä yhteistyössä myöntäessään rahoitusta kehitysyhteistyöhön osallistuville riippumattomille suomalaisille organisaatioille (esimerkiksi muille julkisille laitoksille, kansalaisjärjestöille ja yksityiselle sektorille).
7. Ulkoasiainministeriön pitäisi huomattavasti tehostaa seurantaa ja evaluointia operatiivisella tasolla maaohjelmissa ja IKI-instrumentissa.
8. Suomen kehitysyhteistyön eri muotoja ja instrumentteja koskevaa tiedonhallintaa on myös parannettava huomattavasti. Viestintää on kehitettävä sekä sisäisesti että ulkoisesti.



## SAMMANFATTNING

Målet med utvärderingen av komplementariteten i Finlands utvecklingspolitik och -samarbete var att lära av erfarenheterna från perioden 2004–2012 med sikte på att säkerställa komplementariteten för olika policy- och samarbetsinstrument.

Denna rapport är en sammanfattning av fyra fallstudier: en av riktlinjer och praxis (inkluderad i denna sammanfattande rapport), en av landprogrammen för Moçambique och Zambia, en av Institutionella samarbetsinstrumentet (IKI) och en av samarbetet genom icke-statliga organisationer (NGO).

I alla fallstudier ingick en omfattande dokumentgranskning och intervjuer med viktiga intressenter. I de IKI- och NGO-relaterade fallstudierna genomfördes också fältstudier i totalt 10 partnerländer och enkäter till intressenter.

## UTVÄRDERINGSRESULTAT

### Riktlinjer och anvisningar

Utrikesministeriets (UM) policydokument från 2004, 2007 och 2012 hänvisade till komplementaritet som en princip men gav inte någon detaljerad definition av begreppet. De bästa hänvisningarna och instruktionerna gällde relationen mellan Finland och partnerländerna samt multilaterala och EU-sammanhang. Den interna komplementariteten mellan Finlands olika biståndskanaler och -instrument uppmärksammades i relativt liten grad.

### Extern komplementaritet

Finland har konsekvent hållit fast vid multilateralism och övertygelsen att internationella normer och utvecklingsmål behöver främjas och stödjas.

I utvecklingssamarbetet på landsnivå beaktar Finland behovet av en stark anpassning till nationella utvecklingspolitiska riktlinjer och strategier i partnerländerna och optimal samordning och arbetsfördelning med andra givare i OECD- och EU-sammanhang.

### Intern komplementaritet

De olika formerna för tillhandahållande av biståndet, t.ex. NGO-samarbetet och IKI-instrumentet, var till stor del isolerade från varandra och saknade tillräckliga mekanismer för intern samordning.

Centraliseringen av granskningsprocesser och finansieringsbeslut inom UM gynnade extern komplementaritet men medförde inte ökad intern komplementaritet mellan Finlands olika utvecklingskanaler och -instrument.

## **Ansvarighet, informationshantering och kommunikation**

Utvärderingen har inte funnit belägg för en omfattande övervaknings- och utvärderingspraxis på operativ nivå. Informationen om Finlands olika biståndskanaler och -instrument, framförallt IKI-instrumentet och NGO-samarbetet, var mycket fragmenterad och i vissa fall ofullständig.

## **SLUTSATSER**

### **Riktlinjer och anvisningar**

- Under den utvärderade perioden (2004–2012) fanns en växande insikt om hur viktigt ett nationellt ägarskap och ledarskap är för partnerländernas egen utveckling. Slutdokumentet från högnivåforumet i Busan 2011 uttrycker en bredare förståelse för att det behövs flera samverkande krafter för att åstadkomma effektiv utveckling. Detta skifte återspeglades inte tillräckligt mycket i Finlands riktlinjer och former för genomförandet.
- Finland behöver upprätthålla flera kanaler och instrument i utvecklingssamarbetet för att spegla en mängd olika frågeställningar och intressen i det finländska samhället. I detta sammanhang är komplementaritet en lämplig princip att sikta på.
- Budgettätstramningar från och med 2014 innebär att man antingen måste göra svåra val och slopa vissa biståndstyper och -instrument eller utnyttja befintliga resurser bättre för flera ändamål, där utmaningen är ett effektivare och mera komplementärt bistånd.

### **Extern komplementaritet**

- Finlands bidrag till att sätta den internationella agendan i FN-, OECD- och EU-sammanhang är allmänt erkända och kompletterar framgångsrikt andra länders och utvecklingsaktörers ansträngningar.
- Den nya landstrategiprocessen betonar en resultatbaserad styrning baserad på anpassning till nationella behov och prioriteringar samt iakttagande av Finlands utvecklingspolitiska riktlinjer.

### **Intern komplementaritet**

- Mängden och mångfalden av olika former för tillhandahållande av Finlands bistånd speglar en rad värdebaserade, teknologiska och kommersiella frågeställningar och intressen som finns i det finländska samhället och inom staten.

- Ledningspraxisen inom UM gynnar förhandsgranskning av förslag medan det finns relativt svaga mekanismer för övervakning av att riktlinjerna och anvisningarna iakttas av operativa enheter och ambassader.
- Finländska statliga och icke-statliga aktörer som deltar i utvecklingssamarbetet (t.ex. organ som genomför IKI-projekt, icke-statliga organisationer, den privata sektorn) ska följa Finlands utvecklingspolitiska riktlinjer, anvisningar och förfaranden för att vara berättigade till finansiering från UM. Dessa krav behöver vägas mot aktörernas självständighet och initiativrätt. Här skulle komplementaritet vara ett användbart koncept.

## **Ansvarighet, informationshantering och kommunikation**

- Avsaknaden av en övervaknings- och utvärderingspraxis på operativ nivå och för IKI-instrumentet samt att det inte finns transparenta system för informationshantering och kommunikation är viktiga faktorer för att förklara bristerna i intern komplementaritet.

## **REKOMMENDATIONER**

1. Finlands utvecklingspolitiska program från 2012 behöver åtföljas av ett policydokument med en tydlig definition av extern och intern komplementaritet.
2. UM behöver uppdatera sin uppsättning av manualer och anvisningar för utvecklingssamarbetet i motsvarande mån.
3. Finlands aktiva arbete inom de globala och regionala ramarna och forumen bör fortsätta. Inom det internationella samfundet bör Finland även arbeta för en starkare dialog kring utvecklingsfrågor med framväxande utvecklingspartner (t.ex. Brasilien, Kina, Indien och Sydafrika).
4. Finland bör fortsätta med införandet av en resultatbaserad landstrategiprocess för långsiktiga partnerländer. Den bör integrera NGO-samarbetet och IKI-instrumentet på ett bättre sätt. Finlands aktiva arbete inom EU:s gemensamma initiativ för programplanering bör också fortsätta.
5. UM behöver överväga att på ändamålsenligt sätt decentralisera granskningar och beslut som gäller finansiering under 500 000 euro till den operativa nivån inom UM och ambassaderna. Samtidigt bör UM stärka den utvecklingspolitiska avdelningens övervakning av genomförandet.
6. När finansiering ges till självständiga finländska aktörer som deltar i utvecklingssamarbetet (t.ex. andra myndighetsorgan, icke-statliga organisationer och den privata sektorns organisationer) bör UM utforska nya sätt att främja samarbetets komplementaritet med allmänna former av bilateralt och multilateralt bistånd.
7. UM bör i betydlig grad stärka övervakningen och utvärderingen av landprogrammen på operativ nivå och av IKI-instrumentet.
8. Informationshanteringen för olika kanaler och instrument inom Finlands utvecklingssamarbete, däribland NGO-samarbetet och IKI-instrumentet, behöver stärkas betydligt och kommuniceras bättre både internt och externt.

## SUMMARY

The objective of the Evaluation of Complementarity in Finland's Development Policy and Co-operation was to learn from experiences gained during the period 2004–2012, with a view to ensuring the complementarity of various policy and co-operation instruments.

The present report is a synthesis of four case studies – one on Policies and Practices (included in this present Synthesis); one on country programmes in Mozambique and Zambia; one on the Institutional Co-operation Instrument (IKI); and one on co-operation through Non-Governmental Organisations (NGOs).

All case studies involved extensive reviews of the documentation and interviews with key stakeholders. The IKI and NGO case studies also conducted field studies in a total of 10 partner countries, as well as carrying out stakeholder surveys.

## FINDINGS

### Policies and guidelines

In 2004, 2007 and 2012 policy documents of the Ministry for Foreign Affairs (MFA), complementarity was generally referred to as a principle, but the concept was not defined in any detail. The best references and instructions were those concerning relations between Finland and partner countries, as well in the multilateral and EU contexts. Internal complementarity between the various channels and instruments of Finnish aid received relatively little attention.

### External complementarity

Finland has consistently been committed to multilateralism and the belief that international norms and development goals need to be promoted and supported.

Finland's development co-operation at country level respects the need for strong alignment with the national development policies and strategies of partner countries, and the optimal co-ordination and division of labour with other donors in the contexts of the Organisation for Economic Co-operation and Development (OECD) and the European Union (EU).

### Internal complementarity

Various modalities of the delivery of aid – for example, NGO co-operation and the IKI instrument – largely acted in isolation from each other and without adequate internal co-ordination mechanisms.

Centralisation of review processes and decision-making on appropriations in the MFA favoured external complementarity, but did not translate into increased internal complementarity between the various channels and instruments of Finland's development co-operation.

## **Accountability, information management and communication**

The evaluation did not find evidence of extensive monitoring and evaluation practices at the operational level. Information on the various channels and instruments of Finland's development aid – notably, on the IKI instrument and on NGO co-operation – was highly fragmented, and in some cases incomplete.

## **CONCLUSIONS**

### **Policies and guidelines**

- During the evaluation period (2004-2012), there was increasing recognition of the importance of national ownership and leadership of partner countries for their own development. The 2011 Busan High-Level Forum Outcome Document expressed a broader understanding of multiple forces at work to achieve development effectiveness. This shift was not sufficiently reflected in Finland's policies and implementation modalities.
- Finland's development co-operation needs to maintain multiple channels and instruments to reflect a variety of concerns and interests in Finnish society. In this context, complementarity is a convenient principle to aim for.
- Budget austerity as from 2014 makes it necessary either to make hard choices and abandon certain types and instruments of aid or to make better use of existing resources for multiple purposes, with challenges to make aid more efficient and more complementary.

### **External complementarity**

- Finland's contributions to international agenda-setting – in the context of the United Nations (UN), the OECD and the EU – are widely recognised, and successfully complement efforts of other countries and development actors.
- The new country strategy process emphasises results-based management, based on alignment with national needs and priorities and the adherence to Finland's development policies.

### **Internal complementarity**

- The variety and diversity found in the delivery modalities of Finland's development co-operation reflect a range of value-based, technological and commercial concerns and interests that exist in Finnish society and in the Government.

- Managerial practices in the MFA favour ex-ante reviews of proposals, while mechanisms for ex-post oversight of compliance with policies and guidelines by operational units and by Embassies were relatively weak.
- Finnish governmental and non-governmental institutions engaged in development co-operation (e.g. agencies implementing IKI projects, NGOs, the private sector) need to comply with Finland's development policies, guidelines and procedures to be eligible for funding from the MFA. These requirements need to be balanced with the independence and right of initiative of these institutions. Complementarity would be a useful concept in this regard.

## **Accountability, information management and communication**

- The absence of monitoring and evaluation practices at the operational level and for the IKI instrument, as well as the lack of transparent information management and communication systems, are important factors explaining shortcomings in internal complementarity.

## **RECOMMENDATIONS**

1. Finland's Development Policy Programme 2012 needs to be accompanied by a policy document that clearly defines external and internal complementarity.
2. The MFA needs to update its body of manuals and guidelines for development co-operation accordingly.
3. Finland should maintain its engagement with global and regional frameworks and forums. It should also lobby within the international community for stronger engagement in dialogues on development issues with emerging development partners (e.g. Brazil, China, India and South Africa).
4. Finland should continue to implement the results-based country strategy process in long-term partner countries. It should better integrate NGO co-operation and the IKI instrument. Finland should also remain engaged in the joint programming initiative of the EU.
5. The MFA needs to consider decentralising review and decision-making on appropriations of less than € 500,000 to operational levels of the MFA and Embassies, as appropriate. At the same time, it should strengthen ex-post oversight by the Department for Development Policy of implementation.
6. When providing funding to independent Finnish institutions engaged in development co-operation (e.g. other government agencies, NGOs and private sector organisations), the MFA should explore new ways of promoting complementarity with mainstream bilateral and multilateral forms of aid.
7. The MFA should considerably strengthen monitoring and evaluation at the operational level in country programmes and for the IKI instrument.
8. Information management concerning channels and instruments of Finland's development co-operation – including on NGO co-operation and the IKI instrument – needs to be considerably strengthened and better communicated internally and externally.

## Summary of main findings, conclusions and recommendations

Findings	Conclusions	Recommendations
<b>Policies and guidelines</b>		
<p>Finland's development policy did not fully integrate all dimensions of the outcome of the Busan High-Level Forum, which placed aid effectiveness in the broader context of development effectiveness.</p> <p>Fragmentation into multiple channels and instruments has been seen as a challenge in the MFA since 2008. This explains the new emphasis on coherence and complementarity of instruments, which had been a continuous concern for Finland's development policy at least since 2003.</p> <p>However, even the 2012 policy document did not contain a clear definition of complementarity or guidance as to how the broad principle should be implemented.</p>	<p>During the period evaluated (2004-2012), Finland's development policy and co-operation evolved in an international context that increasingly recognised the importance of national ownership and leadership of partner countries for their own development. In the 2011 Busan Outcome Document, there was a broader understanding of multiple forces at work to achieve development effectiveness. This shift was not sufficiently reflected in Finland's policies and implementation modalities.</p> <p>Finland's development co-operation needs to maintain multiple channels and instruments to reflect a variety of concerns and interests in Finnish society. Therefore, complementarity is a convenient principle to aim for.</p>	<p>1. Finland's Development Policy Programme 2012 (MFA 2012a) needs to be accompanied by a policy document that clearly defines external and internal complementarity. It should reflect changes in the international development context, as well as the need to maintain multiple channels and instruments in Finland's development co-operation, in the face of required budget austerity.</p>
	<p>The decrease in the financial envelope for development co-operation as from 2014 makes it necessary either to make hard choices and abandon certain types and</p>	

	instruments of aid, or make better use of existing resources for multiple purposes, with challenges to make aid more efficient and more complementary.	
<p>MFA manuals and guidelines contained no specific guidance on how the principle of complementarity was to be adhered to. References to external complementarity were more complete – based on OECD and EU principles, which were shaped with the active participation of Finland.</p> <p>As from 2012, the MFA gave a boost to improved results-based programming, but even this guidance lacked detail on implementation of internal complementarity.</p>	<p>Finland championed complementarity in OECD and EU contexts. In internal guidance documents of the MFA, external complementarity was explained better than internal complementarity. As a consequence, internal complementarity was not well understood in the MFA and by other stakeholders.</p>	<p>2. In accordance with the new policy on complementarity laid out in the new policy document (see recommendation 1), the MFA needs to update its body of manuals and guidelines for development co-operation – for example, the Manual for Bilateral Programmes (MFA 2012b) – and country strategy guidance. It also needs to update guidance documents on NGO co-operation, the IKI instrument, and private sector support instruments.</p>
External complementarity		
<p>The large share allocated in Finland's ODA (Official Development Assistance) to multilateral co-operation is evidence of the country's strong commitment to global goals, and commitments under the UN, OECD and the EU.</p> <p>At all times, Finland has actively contributed to the shaping of international agendas and frameworks for strategic action.</p>	<p>Finland has been committed to multilateralism and the belief that international norms and development goals on good governance, human rights, gender equality, protection of vulnerable groups and a sustainable development for all need to be promoted and supported.</p> <p>Finland's contributions to international agenda-setting, in the context</p>	<p>3. Finland should maintain its engagement with global and regional frameworks and forums (e.g. the UN, OECD and the EU), based on the recognition of Finnish added value and on principles of good governance, human rights, gender and social equality and climate sustainability. It should also lobby within the international community for stronger engagement in dialogues on these issues with emerging devel</p>



	of the UN, the OECD and the EU, are widely recognised, and successfully complement efforts of other countries and development actors.	opment partners (e.g. Brazil, China, India and South Africa).
<p>Finland attached importance to principles of partner countries' ownership and leadership in development. It also actively sought co-ordination and complementarity with other external development co-operation agencies.</p> <p>In recent years, development co-operation reverted to diversified project aid, with possible challenges to coherence and complementarity.</p> <p>General Budget Support (GBS) and Sector Budget Support (SBS) sometimes decreased, partly because of shifting priorities of partner countries and partly because of issues related to governance and accountability.</p> <p>The implementation of the EU joint programming process has so far been a slow process. EU guidance on limiting country programmes to three sectors, plus budget support, was not fully implemented by Finland.</p>	<p>Finland's development co-operation at country level is mindful of the need for strong alignment with the national development policies and strategies of partner countries, and for optimal co-ordination and division of labour with other donors, in the OECD and EU contexts.</p> <p>The new country strategy process emphasises results-based management, based on alignment with national needs and priorities and adherence to Finland's development policies.</p> <p>Due to changing priorities of partner countries and also concerns about governance in those countries, it has become more challenging for development partners – including Finland – to maintain the discipline of the mutual accountability framework agreed under the Paris Declaration and to make progress in EU joint programming.</p>	<p>4. Finland should continue to implement the results-based country strategy process (initiated in 2012) in long-term partner countries. It should strengthen this by: enforcing adherence to the limitation to three sectors, plus budget support, in all of these countries; by acting in unison with other donors on GBS and SBS; and by better integrating forms of co-operation administered by the MFA in Finland (e.g. NGO co-operation and the IKI instrument administered by the MFA). Finland should also remain engaged in the joint programming initiative of the EU.</p>

Internal complementarity		
<p>All project or programme proposals of more than € 200.000 need to be approved by the Minister responsible for development co-operation. There is little decentralisation to Embassies of Finland in the field, as their decision-making is limited to the approval of small NGO-projects from the Local Co-operation Fund (LCF). Oversight of the implementation of projects and programmes was found to be limited.</p> <p>An audit conducted in 2010, major evaluations conducted in 2011 and 2012, and the 2012 DAC Peer Review drew attention to systemic shortcomings in the Finnish development system in terms of ensuring adequate complementarity between bilateral and multilateral co-operation, as well as between different channels and instruments.</p>	<p>For a relatively small donor country, Finland uses a multitude of channels and instruments to deliver its aid to a large number of partner countries. The variety and diversity found in the delivery modalities reflect a range of value-based, technological and commercial concerns and interests that exist in Finnish society and in the Government. The challenge to make all these aid modalities complementary to each other has been only partially met, as most of them act in isolation from each other and without adequate internal co-ordination mechanisms.</p> <p>The high degree of centralisation of review processes and decision-making on appropriations in the MFA favoured external complementarity, but it did not translate into increased internal complementarity between the various channels and instruments of Finland's development co-operation. A significant amount of senior staff time was spent on ex-ante reviews</p>	<p>5. To the extent that policies and guidelines create greater clarity on requirements for internal complementarity (see recommendations 1 and 2), the MFA needs to consider decentralising review and decision-making on, appropriations of less than € 500.000 to operational levels of the MFA and Embassies, as appropriate. At the same time, it should strengthen ex-post oversight by the Department for Development Policy of implementation, to ensure compliance with these requirements.</p>

	of proposals, while mechanisms for ex-post oversight of compliance with policies and guidelines by geographic departments and units, as well as by Embassies, were found to be relatively weak.	
<p>Finland's development co-operation involves many strong organisations, including specialised government agencies (e.g. those implementing IKI projects), NGOs, private sector firms, but also universities and other institutes of higher education. These organisations have income from other sources, broad mandates and expertise, as well as their own international networks. MFA funding may actually represent a relatively small share of their overall resource base. Notably, NGOs have deep roots in Finnish society and wield considerable political influence.</p> <p>Under these circumstances, the MFA needs to act with these partners with a certain degree of circumspection, and avoid imposing too-strict conditionalities to its funding. Complementarity is a convenient concept in this context.</p>	<p>Finnish governmental and non-governmental institutions engaged in development co-operation (e.g. agencies implementing IKI projects, NGOs, the private sector) need to comply with Finland's development policies, guidelines and procedures to be eligible for funding from the MFA. These requirements need to be balanced with the independence and right of initiative of these institutions. Complementarity would be a useful concept in this regard.</p>	<p>6. When providing funding to independent Finnish institutions engaged in development co-operation (e.g. other government agencies, NGOs, and private sector organisations), the MFA should explore new ways of promoting complementarity with mainstream bilateral and multi-lateral forms of aid.</p>

Accountability, information management and communication		
<p>Much of the evidence for this evaluation was drawn from major thematic or country programme related evaluations, which were found to be of high quality and useful for the assessment of various dimensions of complementarity.</p> <p>In contrast, monitoring and evaluation at the operational level was found to be rather weak in the country case studies and the IKI study.</p>	<p>During the period evaluated, the MFA's independent development evaluation function published credible evaluation reports, containing valuable information to assess complementarity. It also established a system within the MFA to ensure that recommendations emanating from independent evaluations were acted upon.</p> <p>This relatively onerous approach to ensure accountability and learning has not yet been matched by sufficiently widespread monitoring and evaluation practices at the operational level of country programmes and the IKI instrument.</p>	<p>7. As part of the strengthening of ex-post oversight mechanisms with regard to development co-operation, the MFA should considerably strengthen monitoring and evaluation at the operational level in country programmes and for the IKI instrument. At the same time, it should maintain its current strong independent evaluation function – including appropriate systems for follow-up to independent evaluations.</p>
<p>Information related to the IKI instrument was highly fragmented and difficult to access, both for internal stakeholders and for the public at large. There was only a very limited website, and no comprehensive published report concerning the IKI instrument.</p>	<p>Information on the various channels and instruments of Finland's aid – notably on the IKI instrument and NGO co-operation – was highly fragmented and, in some cases, incomplete. It was also not communicated well externally and internally. The ab-</p>	<p>8. Information management concerning channels and instruments of Finland's development co-operation – including on NGO co-operation and the IKI instrument – needs to be considerably strengthened and better communicated internally and externally through</p>

<p>As far as the NGO instruments were concerned, there was little accurate, readily-available, consolidated and/or specific, information about the content of the three NGO instruments. It required substantial efforts by the evaluation team and the relevant MFA units to develop an overview of the content of the NGO instruments over the period evaluated. MFA sources provided a country and NGO overview, but did not provide consolidated information over a period of time. For the International NGO (INGO) instrument, the website did not provide information about the specific content. With regard to the LCF instrument, only recent grant allocations were usually covered on Embassy websites.</p>	<p>sence of transparent information management and communication systems is an important factor in explaining shortcomings, especially in internal complementarity.</p>	<p>comprehensive and well-organised websites, as well as through publication of periodic reports.</p>
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# 1 INTRODUCTION

## 1.1 Purpose, scope and objectives

This report synthesises the findings of an evaluation of complementarity in Finland's development policy and co-operation between 2004 and 2012. The **purpose** of the evaluation was to assess the various dimensions of complementarity in Finland's development policy and co-operation and in instruments and practices.

**Potential users** of the results of this evaluation are envisaged as being policy-formulators and decision-makers – including aid administrators in Finland's Ministry for Foreign Affairs (MFA), in the partner countries, and in outside stakeholder communities. Results should also be useful in policy-level discussions within bilateral, multi-lateral and European Union (EU) contexts, since complementarity is assumed to add value to development policy coherence and aid effectiveness.

According to the terms of reference (ToR), the **overall objective** of the evaluation was *to learn from the experience to find ways to use the different policy and co-operation instruments of Finland so that they are complementary and that mechanisms to achieve complementarity are there. The evaluation will expose the dimensions of internal complementarity between the actors and the instruments of Finland and the dimensions of external complementarity with other actors and instruments in development. Both of these levels of complementarity shall be looked at through the vertical and horizontal dimensions.*

The **scope** of the evaluation involved four **case studies**: a) a general analysis of policies and practices on Finland's development co-operation, with particular emphasis on mechanisms and processes to ensure and benefit from complementarity (Case I – included in this report); b) desk evaluations of country programmes of Mozambique and Zambia (Case II - Bartholomew 2013a; 2013b); and c) case evaluations of the Institutional Co-operation Instrument (IKI) (Case III A – Bäck, Visti & Moussa 2014) and Non-Governmental Organisations (NGOs) (Case III B – Olesen & Endeshaw 2013).

It should also be mentioned that the evaluation of the IKI instrument (Case III B) was required to comprise a full-fledged assessment against criteria of the Development Assistance Committee (DAC) in addition to the consideration of the dimensions of complementarity.

The ToR mention as **specific objectives**: *1) an assessment of complementarity in the three instruments – NGO, IKI and country programmes; 2) analysis of to what extent cross-cutting objectives could be reached through the different instruments, and how different instruments could be used in a complementary way; 3) an assessment of how internal and external complementarity are considered and implemented, and how horizontal and vertical complementarity are conceptualised and featured in the Finnish development policy and co-operation at the country programme planning level and at the level of different instruments' strategic plans and implementation.*

The ToR also express a clear expectation that the evaluation should result in finding **new and innovative ways** of deploying different instruments and actors, with a view to improving the implementation of Finland's development co-operation and achieving better aid effectiveness and results.

## 1.2 Organisation of work

The evaluation was commissioned to Particip GmbH, a consultancy firm based in Germany, by the Unit responsible for Development Evaluation (EVA-11) attached to the Office of the Under-Secretary of State in Finland's Ministry for Foreign Affairs. Particip assembled an international team of six independent evaluators, a quality assistance team and one Finnish junior assistant.

The **Evaluation Team** was organised in three clusters, each of which comprised two evaluators: a) the core team – consisting of a team leader and a senior member – dealt with the study of Policies and Practices, the country case studies on Mozambique and Zambia, and the synthesis; b) the IKI cluster – consisting of a cluster leader and a senior member, with support from the team leader – handled the full evaluation of the IKI instrument against DAC criteria, as well as the complementarity evaluation; and c) the NGO cluster – comprised of one cluster leader and a senior member – dealt with the evaluation of complementarity in the NGO instruments.

Support provided by the **Finnish junior assistant** proved to be essential, especially in terms of access to archives in the MFA and translation into English of internal Finnish documents. The **Quality Assurance Team** was composed of two senior evaluation experts – one a senior staff member of Particip GmbH, and one in the European Centre for Development Policy Management (ECDPM).

The work of the evaluation started in January 2013 with an **Inception Phase**, which resulted in an internal report completed in April 2013. This was followed by a **Desk Study and Interviews Phase** with, as deliverables by June 2013, internal desk study reports and interview notes for each of the case studies. Between June and August 2013, the IKI and NGO clusters (with limited participation by core team members) conducted **Field Missions** to 10 partner countries. The results of these were presented by webinars to the MFA. The **Synthesis Phase** was implemented between September 2013 and January 2014, and resulted in the **publication of four Case Study Reports** (Mozambique country programme, Zambia country programme, the IKI instrument, NGO co-operation) and the present **Synthesis**. The evaluation was completed with a **Dissemination Phase** in February 2014.



## 1.3 Nature and structure of the synthesis

This report is a synthesis of the case study on Policies and Practices (Case study I) and of the other case studies, which were published separately. Each of the other case study reports contains detailed findings, conclusions and recommendations. These are not included in full in this synthesis, the aim of which is to provide an overall presentation and analysis of issues related to complementarity, in accordance with the ToR.

The evaluation approach and methodology are outlined in Section 2. The global and EU context is presented in Section 3. A review of the use of the concept of complementarity in Finland's development policy and co-operation is then presented in Section 4.

Section 5 summarises findings on complementarity mechanisms and outcomes from the case studies on the Mozambique and Zambia country programmes, the IKI instrument, and NGO instruments. Section 6 contains an analysis of how complementarity contributes to coherence, results and sustainability, and efficiency gains in Finland's development policy and co-operation. Section 7 draws conclusions from all this evidence. Section 8 presents recommendations.

## 2 APPROACH AND METHODOLOGY

### 2.1 The subject of the evaluation

In the ToR, an important distinction was made between external and internal complementarity. **External complementarity** should exist with bilateral and multilateral donors, private institutions abroad, long term-partner countries, and countries benefiting from more limited Finnish assistance. **Internal complementarity** should exist within the Finnish development system, including within the MFA and between the MFA and a wide range of partners and stakeholders in development co-operation in Finland. This should include other Ministries, technical agencies, and the private and non-governmental sectors in Finland.

The approach was aimed at including top-down and bottom-up elements – that is, a consideration of how policies flow down to development instruments, and how development practice influences policies. External and internal complementarity was to be assessed in their vertical and horizontal mechanisms and processes – for example, the relationship between the MFA and Embassies (vertical complementarity) and parallel activities at country level (horizontal complementarity).

## 2.2 Definition of complementarity

The ToR did not contain a clear **definition** of complementarity. References were made to the Oxford English Dictionary (OED 2006) and the Evaluation Guidelines of the European Commission (EC) External Assistance (EC 2006). Few explicit references to complementarity in the Organisation for Economic Co-operation and Development – Development Assistance Committee (OECD-DAC), EU and Finland’s policy documents were found. Therefore, for the purpose of this particular evaluation, the evaluation team developed a working definition of complementarity, based on the various policy documents..

In Latin, *complementum* means *that which completes or fills up*. The simple definition of complementary in the Shorter Oxford English Dictionary is *to make complete or perfect*. The ToR had a longer definition of the meaning: *Two people or things that are complementary are different, but together form a useful or attractive combination of skills, qualities or physical features*. This definition was found not to be sufficient in the context of international development co-operation.

The EU, for the purposes of its Code of Conduct and Division of Labour in Development Policy (EU 2007), defined complementarity thus: *...complementarity is the optimal division of labour between various actors in order to achieve optimum use of human and financial resources* (EU 2007a, 5). This definition focuses on the efficiency gains from avoiding overlaps and filling in gaps in provision of aid by donors to partner countries.

The evaluation of the 3-Cs (co-ordination, complementarity and coherence – EU 2007b) noted other important requirements, such as: the need for a common or shared goal; a process of negotiation and co-ordination to reach consensus; leadership; and willingness of different actors to cease certain activities. Work by the OECD-DAC on policy coherence for development also suggested the importance of other elements: recognition of institutional capacity strengths and weaknesses; mechanisms for recording changes; and accountability for results and impacts.

Many associated terms were found in Finland’s policy documents (English versions), such as: collaboration, integration, interconnected, interdependent, interlinked, inter-related, matched, paired, and parallel.

The achievement of complementarity requires a process of analysing the context, negotiating mutual or joint agreements at different levels in the development co-operation system (vertical/horizontal), and can also involve action within and outside the development co-operation organisation (internal/external). This analysis and negotiation process requires leadership to reach decisions about the optimum combination of skills and resources. Joint accountability figures prominently in OECD, EU and Finland’s policy documents. It refers to obligations that development partners have to each other – horizontal and vertical levels –, and that ultimately respect the constituencies both in donor and in partner countries.

In the light of all these considerations, and given the broad scope of this evaluation, the evaluation developed the following **working definition of complementarity** – taking into account, notably, the EU Code of Conduct and the 3-Cs evaluation:

Complementarity is achieved when two or more actors in development co-operation work to a common goal to achieve shared overall development outcomes, recognising that they will achieve more through a strategic division of labour and joint governance accountability, by combining their capacities, skills and resources in an optimum manner based on their institutional strengths and constraints.

## 2.3 Theory of change guiding the evaluation

In view of the multitude of relevant policy frameworks and documents, in the international and the Finnish context, and given the absence of conceptual clarity, it was found necessary to develop a coherent analytical framework that would guide the evaluation. The analytical framework is embodied in a **theory of change model** that depicts causal paths, situating complementarity in a logical system of elements leading to the **overall objective** of development policy and co-operation coherence. The model distinguishes between the following levels:

1. Based on overall policies and on strategies and guidelines defined for Finland's development policy as a whole, and NGO and IKI co-operation in particular, a series of **measures and mechanisms** were adopted. Figure 1 includes some illustrative examples that were identified at the start of the evaluation. Typical measures were expected to be administrative instructions and guidelines, the application of results-based management, and the use of monitoring and evaluation (M&E). Mechanisms included organisational structures and relations between actors, including mandates, roles and responsibilities. The evaluation sought to identify good practices and possible constraints. The analysis also aimed to assess how policies and guidelines were interpreted in the administrative systems and practices by the MFA and its co-operating partners.
2. Measures and mechanisms were expected to produce **immediate results** at international and partner country levels. Figure 1 contains some illustrative examples conceived at the design stage. Important results were expected to be: more efficient use of resources; activation of Finnish competitive advantages; clearer roles and responsibilities at the organisational level that would enable citizens and civil society to hold accountable Government and other duty bearers. At country level, there would be responsiveness to partner country needs and priorities, and complementarity with other forms of external assistance. At all levels, measures and mechanisms would result in adequate coverage of cross-cutting themes and objectives. The simplification of the flows of funds would result in efficiency gains.
3. The achievement of immediate results was expected to contribute to **complementarity outcomes** in terms of the four dimensions of the definition of the

concept: common and shared goals; an optimum combination of capacities, skills and resources; a strategic division of labour; and joint governance accountability. In the course of the evaluation, the model was adjusted slightly, as complementarity was found also to affect the achievement of immediate results. Complementarity is thus considered to be crucial in two ways: it benefits the achievement of immediate results; and it is considered to be a necessary pre-condition to the achievement of the overall objective of development policy and coherence.

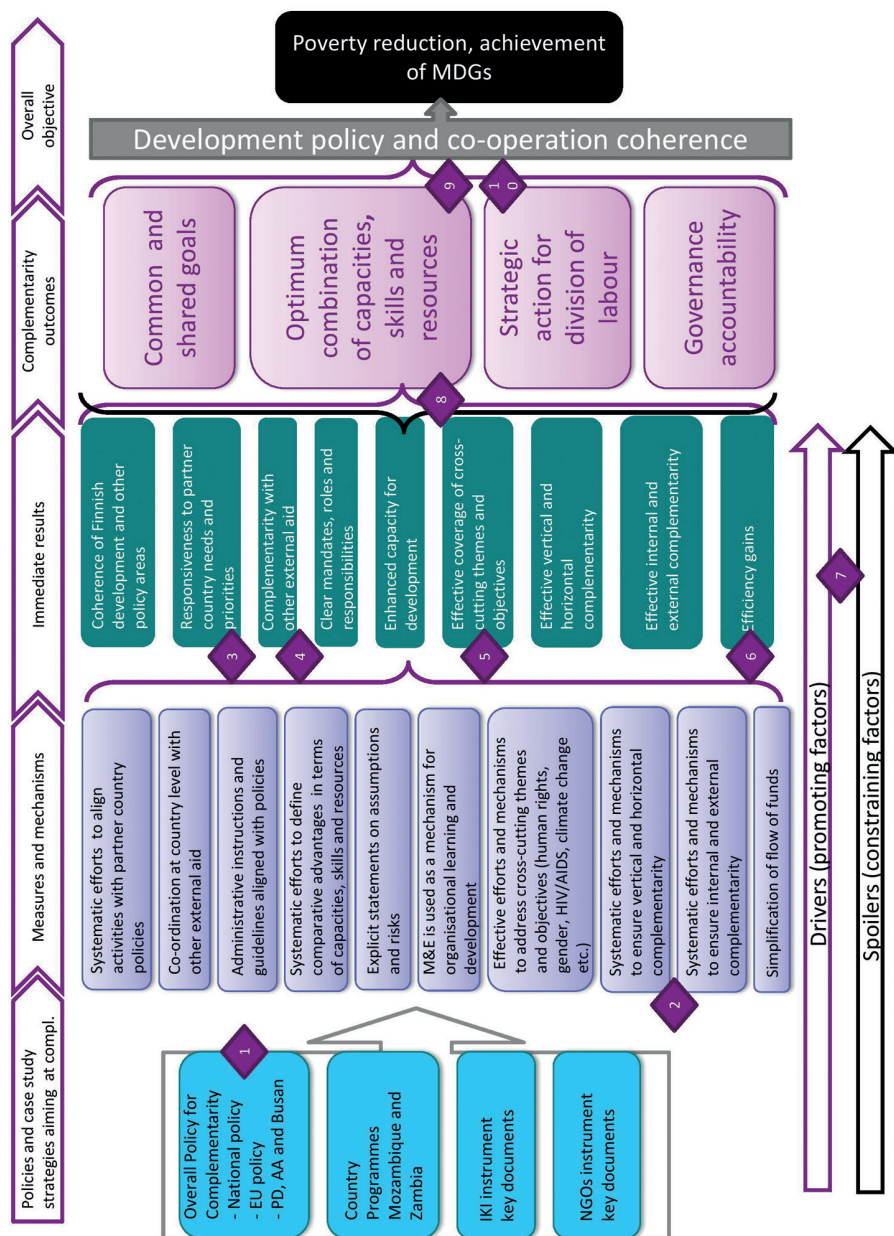
4. The **overall objective** was understood to improve Finland's contribution to global goals – for example, poverty reduction, achievement of Millennium Development Goals (MDGs) and other internationally-agreed development goals. Such improvement would be realised through an appropriate implementation of cross-cutting objectives, efficiency gains, the achievement of sustainable results, and their impact.

Particular attention was given to the factors that supported or hindered the achievement of results, outcomes and the objective – referred to as *drivers and spoilers*. Motivating factors played a key role in securing the success of a given policy initiative, while disincentives hindered progress in a major way. The ToR emphasised the human factor as decisive for the application of complementarity. The evaluation, therefore, paid particular attention to the factors that appeared to impair or constrain organisations and staff in working in a complementary manner.

## 2.4 Evaluation questions

The most important causal paths linking the various levels in the theory of change, as well as the drivers and spoilers, were reflected in 10 key **Evaluation Questions (EQs)** that were formulated for this study on the basis of 159 questions contained in the ToR. The overall EQs are presented in Box 1. Figure 1 depicts their place in the theory of change – that is, at which level of results and impact they can be located.

Figure 1 Theory of change.



## Box 1 Evaluation Questions.

- EQ1 To what extent and how have Finland's development policies 2004-2012 addressed complementarity and reflected the measures on complementarity outlined in the Paris Declaration, the Accra Agenda for Action, the Busan Agreement, the Treaty of the Functioning of the European Union, and the EU Code of Conduct on the Division of Labour?
- EQ2 What measures and mechanisms has Finland used to operationalise complementarity?
- EQ3 To what extent and how have measures and mechanisms aimed at complementarity helped to better respond to partner countries' needs and priorities?
- EQ4 To what extent and how have measures and mechanisms aimed at complementarity led to more co-ordination and complementarity with other external development co-operation?
- EQ5 To what extent and how have measures and mechanisms aimed at complementarity helped to address cross-cutting objectives of Finnish development co-operation?
- EQ6 To what extent and how are measures and mechanisms aimed at complementarity perceived to have contributed to efficiency gains?
- EQ7 What have been the drivers (favourable factors) and spoilers (unfavourable factors) that have supported/hindered the achievement of the outcomes and overall objective?
- EQ8 To what extent and how have immediate results achieved benefited from and led to the intended complementarity?
- EQ9 To what extent and how has complementarity enhanced the coherence, effectiveness and efficiency of Finland's development co-operation?
- EQ10 Based on the evidence of this evaluation, which innovations could be recommended to enhance complementarity of the various instruments of Finnish development co-operation, and thus make the co-operation more coherent, effective and efficient?

The purpose of using the theory of change and a limited number of synthetic EQs was to conceptualise the evaluation in such a way that the exercise was internally consistent and manageable. At the same time, it was necessary to respond to each of the EQs in the ToR.

For example, 15 of the questions in the ToR related specifically to the Mozambique and Zambia case studies. The IKI and NGO case studies were to respond to four overall guiding questions, but also to specific questions separately – 62 concerning the IKI instrument (including for the evaluation against DAC criteria), and 39 concern-

ing NGO co-operation. The ToR also contained 11 questions on cross-cutting objectives, 17 on policies and practices, and 10 for the synthesis evaluation. To respond to all these requirements, the 10 EQs mentioned in Box 1 needed to be adjusted slightly for the case studies.

The case study reports contain detailed evidence and analysis concerning all questions that were specifically asked on the respective programmes and instruments. The synthesis summarises main findings, conclusions and recommendations from the case study reports, but also addresses more specifically the questions on policies and practices and for the Synthesis Evaluation.

According to the ToR, the case study on Policies and Practices – the outcome of which is presented in this synthesis – was to assess the processes and mechanisms by which complementarity is achieved through: bilateral and multilateral co-operation; complementarity with special instruments; and complementarity with programmes managed through other instances than the MFA. The case study was to assess these processes and mechanisms for internal complementarity and for policy influence for external complementarity.

In the design outlined in the ToR, the analysis of Policies and Practices, along with the outcomes of the other case studies, would allow the Synthesis Evaluation to draw overall lessons on complementarity, including on good practices and concrete results. It would also allow it to develop *emerging ideas of potential effectiveness and impact gains through the complementarity factor that is written out in the current development policy programme of Finland (2012) and featured so clearly in earlier policies.*

## 2.5 Methods of data collection and analysis

Based on the theory of change and the EQs, the evaluation used a variety of methods for data collection and analysis. The ToR specified that a mix of qualitative and quantitative evaluation methods would enable triangulation in the drawing together of results. However, the ToR (and the corresponding budget) were also proscriptive on the choice of methods in different case studies, – specifically mentioning, for example, that the Mozambique and Zambia case studies would only be desk studies, and that field studies would mainly serve the IKI and NGO case studies.

In practice, these limitations imposed by the ToR (and the corresponding budget) resulted in a somewhat uneven evidence base for the different case studies, and for the evaluation as a whole. The following methods for each of the case studies were developed in the Inception Report, and then implemented in the course of the evaluation:

1. The case study on **Policies and Practices** principally relied on an extensive **review of public documents** of the MFA and of information available on the internet. In addition, key documents of the OECD-DAC and the EU were reviewed. On **policies**, particularly important documents were the Paris Declara-



tion (OECD 2005), the Accra Agenda for Action (OECD 2008), and the Busan Outcome Document (OECD 2011a). In the EU context, the EU Code of Conduct on Complementarity and the Division of Labour (EU 2007a) and documentation related to its follow-up were of particular importance. The Finnish policy context during the period under review was addressed by referring to broad policy documents for development co-operation as a whole (e.g. MFA 2004; 2008a; 2012). On **practices** of Finland's development co-operation, the evaluation consulted public reports of the MFA and, most importantly, relied on the extensive series of Evaluation Reports of the MFA, as well as some external reviews – for example, the 2012 DAC Peer Review (OECD-DAC 2012). The desk review of key documents was completed by **interviews** by the core evaluation team with staff in the MFA in Helsinki, as well as with a variety of stakeholders that included staff in Embassies of Finland and key external stakeholders (e.g. national counterparts, EU, and UN Missions) in Ethiopia, Kenya and Lao People's Democratic Republic (Lao PDR).

2. The case studies concerning **Mozambique and Zambia** had to rely mostly on key **documentation** relating to the country programmes that could be found in the archives of the MFA, and on other relevant information that could be obtained through searches on the internet. Limited **interviews** were conducted with staff in the Department for Africa and the Middle East in the MFA, as well as, by video-link, with the Embassy of Finland in Mozambique. The evaluation was hampered by a general weakness in monitoring and evaluation of specific programmes of Finland's development co-operation. The available documentation did not in most cases provide sufficient evidence to fully understand all factors that supported or hindered specific processes or outcomes.
3. The **IKI** case study reviewed an extensive amount of **documentation**, including policy documents and guidelines from the MFA, periodic internal reports, and documentation on the decision processes with regard to IKI interventions in the MFA. The evaluation also reviewed internal and external documentation of an illustrative sample of IKI interventions. This comprised project documents, plans, budgets, ToR for missions, progress and completion reports, as well as minutes of meetings and, in some cases, decision documents from the MFA. In addition, to establish a better basis for assessing the IKI instrument and interventions, the evaluation consulted relevant evaluations, as well as guidelines and literature on capacity development and twinning internationally. **Interviews** were carried out in Helsinki and by phone with relevant staff in the MFA, with the Facilitation Consultant, and with representatives of 10 Finnish IKI implementing agencies. **Field visits** were made to nine partner countries (Barbados, Ecuador, Ethiopia, Jamaica, Kenya, Lao PDR, Namibia, Peru and Trinidad & Tobago) to assess IKI interventions. In addition, two web-based questionnaire **surveys** were conducted to obtain quantitative and qualitative data and perceptions from a wider range of Finnish IKI implementing agencies and from partner organisations in developing countries. The variety of sources of evidence allowed for an adequate triangulation of information. To the greatest possible extent, contextual factors were taken into account, where appropriate.



4. The **NGO** case study drew its findings and conclusions from triangulating observations that originated from a study of the relevant **documents, additional information** provided by the MFA for the evaluation, **related consultations, interviews** with stakeholders and observers, **surveys**, and **field project visits**. A sample of 21 Finnish NGOs was interviewed in Finland – individually, or at focus group meetings. These NGOs were also sent a long survey questionnaire. Their representatives and/or co-operation partners were interviewed, to the extent feasible, in seven partner countries (Ecuador, Ethiopia, Kenya, Namibia, Nepal, Lao PDR and Peru). The Finnish Service Centre for Development Co-operation (Kepa), the umbrella organisation for Finnish development NGOs, assisted the evaluation with logistics in Finland, and with general information about Finnish development NGOs. The remaining 134 NGOs that operated co-operation projects in 2012 (according to the MFA website) received another, shorter questionnaire. The MFA arranged for a public NGO meeting for the evaluation in Finland. The broad evidence base also allowed for an adequate triangulation of information.

In general, it must be observed that the IKI and NGO case studies were allowed to make use of a wide range of evaluation methods, resulting in a more reliable evidence base, as information could be triangulated between several different sources. The evidence base was weaker for the Mozambique and Zambia case studies, and for the Policies and Practices case study.

## 2.6 Limitations of the synthesis

As the Synthesis evaluation primarily has to rely on the outcomes of the case studies, the imbalances observed in the range of methods used in these studies are important. The studies on the IKI instrument and NGO co-operation are based on relatively solid evidence, and have achieved greater analytical depth. It needs to be emphasized, however, that even these two studies differ in depth and coverage, as the IKI study was to include a full-fledged evaluation against DAC evaluation criteria.

Case studies on Policies and Practices and on the Mozambique and Zambia country studies were mostly based on desk reviews, plus some interviews in Finland and in a few partner countries.

There is a risk of giving too much weight in the Synthesis Evaluation to the evidence and analysis related to the IKI and NGO instruments, both of which are situated outside mainstream Finnish development policy and co-operation.

An important caveat to the evidence base of this evaluation has also been that the selection of countries to be visited, mainly for the IKI and NGO instruments, was undertaken by the MFA. A decision was also made by the MFA that the two countries to be studied in more depth (Mozambique and Zambia) should not be visited. The

pre-selection of countries may have led to a selection bias that affects the credibility of the evaluation.

As per the ToR and the corresponding budget, the evaluation was not given the opportunity to conduct, as part of the Policies and Practices case study, sufficiently in-depth reviews and analysis of components of mainstream development co-operation – including global, regional and country programmes and projects – and to use appropriate methods in addition to desk reviews.

Such methods could have included more interviews with external stakeholders – for example, staff in the EU and other donor agencies, national stakeholders in partner countries – as well as visits to projects and programmes implemented in the field. In some cases, this would have made it possible to better understand mechanisms and processes inherent to mainstream development co-operation, and to identify underlying causes as to why things happened or did not happen.

## 3 THE GLOBAL AND EUROPEAN UNION CONTEXT

### 3.1 Aid effectiveness and development effectiveness

Complementarity and division of labour in the Finnish context cannot be understood without reference to agreements on development goals and strategies under the auspices of the UN during the last two decades, and to the extensive work on aid effectiveness conducted through the DAC Working Party and the OECD. This led to, and resulted in, the Paris Declaration, as well as the many initiatives on coherence, complementarity and co-ordination (the 3-Cs) deployed in the EU since the 1993 Maastricht Treaty of the EU. Finland was an active participant in, and contributor to, all these forums. At the same time, Finland benefited from these international processes for its domestic work on development policy coherence and co-operation.

During the last 25 years, the international community has come together to formulate internationally-agreed development goals, through a series of international conferences organised by the UN. The most prominent conference was the **2000 Millennium Summit**, in which world leaders reaffirmed their commitment to eradicate poverty, and to promote sustained economic growth and sustainable development. They formulated the **Millennium Development Goals (MDGs)**, to be achieved by 2015. Each country took primary responsibility for its own development, while efforts by developing countries needed to be supported by a substantial increase in aid.

At the beginning of the millennium, globalisation further accelerated access to information and knowledge, as well as to financial resources and investments for many countries, affecting the role and relative importance of Official Development Assis-

tance (ODA). It was understood that ODA, and its role and performance, could not be considered in isolation from the larger issue of countries' access to capital markets, concessional financing and other financial resources, as well as trade and foreign direct investment. It was determined that there was a need to substantially enhance the co-ordination of development co-operation efforts and to achieve greater harmonisation and alignment of development assistance to the needs and priorities of programme countries.

The UN-organised **2002 International Conference on Financing for Development, in Monterrey, Mexico**, resulted in a consensus that financing for development needed to be increased, but also that financial resources needed to be used effectively. The Conference developed a comprehensive agenda for mobilising domestic and international financial resources for development, foreign direct investment, and other private flows. It recognised international trade as an engine for development. It addressed external debt, as well as systemic issues related to coherence and consistency of the international monetary, financial and trading systems in support for development.

The Working Party on Aid Effectiveness, hosted by the OECD, responded by bringing together representatives of donor and recipient countries **in 2003** at the **High-Level Forum on Harmonisation**, in Rome. This was followed **in 2005** by the **Paris High-Level Forum on Aid Effectiveness**. The **2005 Paris Declaration** (OECD 2005) reaffirmed commitments to harmonise and align aid delivery and to make it more effective. Partner countries' national development strategies and associated operational frameworks (e.g. planning, budget and performance assessment frameworks) were to be strengthened, and aid was to be aligned with partner countries' priorities.

The notion of mutual accountability was introduced, with clear indicators that would allow for performance monitoring. Donor activities were to be rationalised to avoid duplication and inefficiency. Agreement was reached on five principles that were considered central to achieving aid effectiveness: a) ownership of development interventions by developing countries; b) alignment of assistance to partner countries' own development strategies and national systems; c) harmonisation of donor assistance; d) managing for results with systematic performance monitoring; and e) mutual accountability. The Declaration also contained 56 partnership commitments, and laid out 12 indicators as a basis for measuring progress.

**In 2008**, the **Accra Agenda for Action** (OECD 2008) was intended to accelerate and deepen the implementation of the Paris Declaration. In order to strengthen partner-country ownership of development, the agenda explicitly emphasised the role of parliaments and local authorities in preparing, implementing and monitoring national development policies and plans, and a greater engagement with Civil Society Organisations (CSOs).

Capacity building among all actors – parliaments, central and local governments, CSOs, research institutes, media, and the private sector – was defined as a core business of the donor community, whereby results-based management was considered essential. A commitment was also made to *reduce the fragmentation of aid by improving the complementarity of donors' efforts, and the division of labour among donors, including through improved allocation of resources within sectors, within countries, and across countries* (OECD 2008, 17).

Developing countries would take the lead in determining optimal roles of donors in supporting their development efforts at all levels, while ensuring that the division of labour would not result in a decrease of aid for individual developing countries. The issue of countries receiving insufficient aid was addressed.

**In 2009, the Working Party on Aid Effectiveness** (OECD 2009) adopted eight good-practice principles on country-led division of labour and complementarity:

- *Partner country leadership*: The division of labour process should be led by the partner country in dialogue with donors, and in a transparent manner, enabling participation by parliaments, civil society, and the private sector.
- *Rationalise aid* with a view to improving development results.
- *Optimal use of development resources* to avoid duplication and fragmentation.
- *Flexibility and pragmatism* in negotiations to find workable solutions.
- *Capacity development* to enhance overall aid management by the partner country.
- *Neutral impact on aid volume* to avoid the division of labour leading to a decrease in the overall volume of aid.
- *Monitoring and evaluation* by partner countries and by donors.
- *Communication* of the added value of division of labour.

The 4<sup>th</sup> High-Level Forum on Aid Effectiveness took place in **Busan in 2011** and resulted in the **Busan Partnership for Effective Development Co-operation** (OECD 2011a). Participation in this conference was broader and more inclusive, with an increased involvement of non-state actors.

South-South co-operation was mentioned as complementing North-South co-operation, and also opening up possibilities for triangular co-operation. The document addressed different sources of financing – including taxation and domestic resources mobilisation, private investment, Aid for Trade (AfT), philanthropy, non-concessional funding, and climate change finance. The following principles were defined: a) ownership of development priorities; b) focus on results; c) inclusive development partnerships; and d) transparency and accountability to each other.

The discourse shifted from **effective aid** to **co-operation for effective development**, as it was recognised that aid was only part of the solution to development. This required rethinking what aid should be spent on and how, in ways that are consistent with agreed international rights, norms and standards, so that aid would catalyse development.

**In conclusion,** the international community has developed a more common understanding of development during the last 25 years, with a focus on poverty eradication, sustained economic growth and sustainable development. The process led to the agreement in 2000 of the MDGs, to be achieved by 2015.

The four High-Level Forums organised by the OECD recognised the importance of developing countries taking the lead in their own development, and the need for aid to be aligned to national needs and priorities. The Paris Declaration developed very stringent monitoring and reporting requirements to measure aid effectiveness. These, to a certain extent, overshadowed the emphasis on development effectiveness that had been present in the Monterrey consensus, and that was fully restored in the Busan Outcome.

Apart from recognising the important role of non-state actors, the Busan Outcome opened up the way to South-South co-operation – that is, the involvement of non-OECD-DAC countries that are in a position to provide assistance to developing countries. This evolution had the potential to intensify development and economic relations through trade, investment, transfer of technology, enterprise-level interaction, and the creation of South-South institutional networks.

### 3.2 EU Code of Conduct on complementarity and division of labour

In parallel with UN Conferences and OECD High-Level Forums, the EU engaged with the challenge of meeting the MDGs and enhancing aid and development effectiveness. The EU as a whole (member states, plus European Commission-managed funds) is the most generous donor of official development aid worldwide. In 2011, it provided € 53,1 billion in ODA, which translated into an ODA/GNI (Gross National Income) ratio of 0,42%. In terms of ODA/GNI ration, the EU thus outperformed non-EU donors by wide margins (EC 2012, 51-53).

The Maastricht Treaty, concluded in 1992, established the principle that development co-operation policy should provide for interdependence between the EU and its member states by instituting the so-called “**3-Cs of Maastricht**” – co-ordination, complementarity and coherence. **Complementarity** was intended to ensure that EU development policy *shall ... be complementary to the policies pursued by the Member States* (EU 1992, Art 130u).

In 2003, the Heads of Evaluation of the EU member states and the EC agreed in Brussels to conduct a series of joint evaluation studies aimed at establishing the degree of application and impact of the 3-Cs. In 2005, this evaluation work fed back into EU development policy with the European Consensus on Development. This defined a framework of common principles, within which the EU and its member states would implement their development policies in the spirit of complementarity (EU 2005).

In 2007, the EU agreed on the **Code of Conduct on Complementarity and the Division of Labour in Development Policy** (EU 2007a), which built on the principles of the Paris Declaration on Aid Effectiveness. It should be noted that Finland had strongly promoted the principles of complementarity and division of labour during its EU Presidency in 2006 (Council of the European Union 2006). The Code addressed the important issue of donor congestion in many developing countries, and in certain sectors. This was seen as a major cause of fragmentation and duplication, resulting in a heavy organisational and administrative burden for partner countries and for donors. A better division of labour was expected to reduce that burden by rationalising aid flows and creating economies of scale. The Code also addressed the situation of “donor orphan countries”, which are often countries in a state of fragility or conflict or just emerging from that state. The challenge in these countries was to prepare for a co-ordinated influx of donors. The ultimate goal of division of labour was to achieve improved development results.

The Code of Conduct promoted Division of Labour at three levels: a) in country; b) cross-country; and c) cross-sector. Specific aims and measures pertaining to these three levels were:

- *In-country complementarity* was set out as a goal to be achieved through the use of existing co-ordination mechanisms in the field to render operational implementation of the Code of Conduct, with the primary leadership and ownership being assumed by the partner country governments. The Code stated that EU donors should concentrate on a maximum of three sectors per country, based on their respective comparative advantages, whereby GBS (General Budget Support), support for civil society and programmes for research and education are not to be counted as sectors.
- *Cross-country complementarity* addressed the imbalances of aid flows to “aid darlings” (countries highly favoured by donors) and “aid orphans” (countries largely deprived of such support), based on improved information-sharing facilitating decision-making between EU member states and the Council of the EU.
- *Cross-sector complementarity* referred to a situation at country level where some sectors received much more donor attention than others, leading to congestion and/or under-funding. This complementarity was to be achieved through self-assessments by EU member states of their respective areas of strength and comparative advantages.

The Code set out the operational guidelines that are represented in Box 2.

**Box 2** Operational guidelines in the EU Code of Conduct on Complementarity and the Division of Labour in Development Policy.

- Concentrate activities on a limited number of focal sectors.
- Redeploy into other activities in-country (non-focal sectors).
- Encourage the establishment, in each priority sector, of a lead donor.
- Encourage the establishment of delegated co-operation/partnership arrangements.
- Ensure appropriate support in the strategic sectors.
- Replicate this division of labour at regional level.
- Designate a limited number of priority countries.
- Grant adequate funding to countries that are overlooked as far as aid is concerned (“aid orphans”).
- Analyse and expand areas of strength.
- Pursue progress on other aspects of complementarity, such as its vertical and cross-modality/instruments dimensions.
- Deepen the reforms of donors’ own aid systems.

Source: EU Code of Conduct on Complementarity and the Division of Labour in Development Policy.

In 2008, the EU Commissioner for Development launched an **initiative to fast track division of labour**. In each country, one of the EU member states or the EC volunteered to act as lead and supporting facilitators at country level to promote the fast tracking. Three monitoring reports were published. The process was part of the need for the Commission and member states to show results for aid spending to their constituencies, in a time of persisting economic and financial crisis in Europe.

The EC also took part in the OECD-DAC survey to monitor implementation of the Paris Declaration. The survey was based on reporting from a limited number of partner countries, which increased over time (from 32 in 2005 to 78 in 2010). The performance of EU institutions was found to be variable, with adequate progress on some indicators (e.g. on co-ordinated technical co-operation), but not on other indicators (e.g. use of partner country systems) (OECD 2011b, 172).

Internally, the EC annually monitored its performance through the **External Assistance Monitoring Report (EAMR)** submitted by Delegations. For example, 2010 was the critical year for achieving the targets before the High-Level Forum in Busan. It was also the year that EuropeAid launched the **“10 High Impact Actions for 2010”**, which focused on making specific change in practice with regard to the use of country systems, division of labour, and technical co-operation – including Project Implementation Units. The EU continued to use a selection of Paris Declaration



Indicators in the EAMR reports and in the annual EU Accountability Reports until 2012. In future, EU monitoring systems will use indicators from the Busan monitoring reports as part of the initiative under the Global Partnership for Effective Development Co-operation (EU 2013).

In 2010, the EC published a paper on the future of development policy – **Increasing the Impact of EU Development Policy: an Agenda for Change**. The document reconfirmed the primary objective of development policy, and a priority for EU external action, was to support developing countries' efforts to eradicate poverty. This was linked to the EU's interest in a stable and prosperous world, and key elements of the document related to human rights, democracy and the rule of law. The Agenda called for co-ordinated EU action, including **joint programming of EU and member states' aid** at the level of partner countries. Joint action was required for forms of development co-operation, such as budget support (under a single EU contract).

Through the process of **joint programming**, the EC, the European External Action Service (EEAS) and EU member states jointly determined a development response strategy for a particular partner country, and drafted a joint country strategy document – ideally, to replace bilateral country strategies. The process involved consultations on “who does what” through a division of labour of sectors, based on the commitment to concentrate a donor country's aid to a partner country in a maximum of three sectors.

The concept was first mentioned in the **Report of the EU Ad-Hoc Working Party on Harmonisation** (EU 2004), and was then developed further in the **European Consensus on Development** (EU 2005) and in the **Council Conclusions on the Operational Framework on Aid Effectiveness** (EU 2010). Development is defined as an area of shared competence with the member states. The **Treaty of the Functioning of the European Union** (EU 2007c) contained a provision that, in the areas of development co-operation and humanitarian aid, *the Union shall have competence to carry out activities and conduct a common policy; however, the exercise of that competence shall not result in Member States being prevented from exercising theirs* (EU 2007, Article 4(4)).

In the **Position agreed by the EU Council for the 2011 Busan Forum on Aid Effectiveness** (EU 2011), EU member states committed themselves notably to joint multi-annual programming, which was defined, in Annex II to the document, as *a process whereby the EU takes strategic decisions based on a comprehensive view of European and other donors' support to a given partner country* (EU 2011, 12). The core elements of a joint programme were: a) joint analysis of, and joint response to, a partner country's development strategy; b) in-country division of labour; and c) indicative financial allocation per sector and donor. Joint programming was not to encompass bilateral implementation plans, but it was intended to allow the EU and the member states to substitute their individual country strategies.



EU joint programming was tried in Haiti in 2010 and in South Sudan in 2011. By 2012, it was being implemented in a number of other partner countries, such as Ethiopia, Ghana, Guatemala, Lao PDR and Rwanda.

A study by the **European Centre for Development Policy Management (ECDPM)** indicates that this buy-in has so far not gained momentum (Galeazzi, Helly & Krätke 2013). Some member states perceived the process as being a “Brussels-led” initiative that could prove to be burdensome and time-consuming. While committed to the aid effectiveness agenda in high-level forums, some representatives of member states also seemed to fear that their national interests and priorities would become diluted in aid co-ordination. Interest in donor co-ordination and complementarity seemed to be more pronounced among member states with small and medium-sized programmes. Partner countries also gave EU joint programming a mixed reception. The initiative was often perceived to be cumbersome with little added value, and in some cases duplicating existing donor co-ordination efforts. There was also a concern that joint programming might be part of donor strategies to decrease overall aid levels (Galeazzi *et al* 2013). It should be noted that during **field visits conducted for the present evaluation** (to Ethiopia, Kenya and Lao PDR), it was found that EU joint programming was still a slow process. Joint Co-operation Strategies had been conceptualised in Ethiopia and Lao PDR, whereas Kenya was still at the design stage.

In 2009 and 2011, EC-commissioned studies on aid effectiveness were published. The 2009 study was entitled **The Aid Effectiveness Agenda: Benefits of a European Approach** (Carlsson, Schubert & Robinson 2009). It sought to determine quantitative and qualitative costs associated with “inefficient aid”, and to highlight how increased co-ordination at the European level might provide a platform for a more value-for-money approach to aid. The study concluded that high cost was associated with the following aid practices: a) a combination of volatility and lack of predictability of aid flows undermining public finance management planning and budgeting systems, especially in aid-dependent partner countries; b) the tying of aid forcing partner countries to purchase goods and services in developed countries, rather than in cheaper developing countries; c) the proliferation of donors in certain partner countries and in certain sectors resulting in duplication of strategies, missions, offices and studies; d) the considerable degree of aid fragmentation—that is, an increasing number of aid activities (projects and programmes), with the EU bilateral ODA portfolio accounting for 40.000-50.000 activities in 2009, compared with 30.000 in 2003; and e) insufficient use of partner country systems and government ownership. The study concluded that two initiatives were most likely to generate savings: improving aid predictability through better donor co-ordination at the central level; and further division of labour at both cross-country and in-country levels as set out in the EU Code of Conduct.

The 2011 study was entitled **The Aid Effectiveness Agenda: the benefits of going ahead** (Bigsten, Platteau & Tengstam 2011). It pinpointed the same aid practices that were reducing EU aid effectiveness: unpredictability and volatility of aid; tying

of aid; and high transaction costs linked to a high number of partner countries and a multitude of projects and programmes. The study concluded that major cost savings could be achieved by concentrating aid efforts in fewer countries, and by opting for more general forms of aid transfers – such as GBS. However, the study noted that this would mean that co-operation with certain countries would have to be suspended, which might not be politically acceptable. In general, the theoretical analysis of this study showed that intensification of aid co-ordination efforts may: a) reduce the transaction costs borne by each individual donor country; b) enhance aid effectiveness, in the sense of better reaching the donor's objectives in the recipient countries; and c) entail a political cost in the form of a loss of national autonomy.

The European Parliament in 2013 presented a draft study on **The Cost of Non-Europe in Development Policy: Increasing co-ordination between EU donors** (European Parliament 2013). It concluded that lack of co-ordination of development aid among EU donors had economic and political costs. Economically, € 800 million could be saved annually on transaction cost, if donors concentrated their aid efforts on fewer countries and activities, and an extra € 8,4 billion of annual savings could be achieved from better cross-country allocation patterns. Politically, better co-ordination would result in increased impact and greater visibility of the EU development policy. The document was in favour of more division of labour and joint programming.

**In conclusion,** as the most generous donor of ODA worldwide, the EU – through the shared and co-ordinated effort of the EC and the EU member states – demonstrated a continuous commitment to contributing to poverty eradication and MDGs. The EC actively monitored its performance against benchmarks and indicators of the Paris Declaration and the Busan Outcome Document.

The 3-Cs of Maastricht – co-ordination, complementarity and coherence – were translated into principles and benchmarks enshrined in the 2007 Conduct of Conduct on Complementarity and the Division of Labour. Notably, in-country complementarity was further developed. The concept of EU joint programming was initiated in 2010 and was being implemented in a limited number of partner countries, with the intention of considerable scaling-up in the future.

Academic studies have sought to quantify benefits in terms of cost savings arising from specific co-ordination and division of labour measures. However, they also demonstrated the numerous obstacles that exist on the road to translating good principles into practical solutions on the ground. Finland was fully aware of these obstacles, but remained entirely committed to EU joint programming.

## 4 COMPLEMENTARITY IN FINLAND'S DEVELOPMENT POLICY AND CO-OPERATION (2004-2012)

### 4.1 Finland's development co-operation policies

The ToR of this evaluation stated that the rationale for the evaluation was rooted in Finland's policy goals for development, and in the international commitments. Therefore, the first step towards an analysis was to understand Finland's development policies during the period under review (2004-2012). However, as part of this process, it was useful to understand the main participants in Finland's development policy.

The ToR contained extensive references to Finland's policy documents on development co-operation, dating back to 1993. It was emphasised that the notion of coherence/complementarity had resided in development policies – in one format or another – for at least two decades.

The document **Development Policy Government Resolution** (MFA 2004) strongly emphasised coherence in development policy in all sectors of international co-operation and in national policy that had an impact on the status of developing countries. This included policies on: security; human rights; trade; the environment; agriculture and forestry; education, research and culture; health, social and labour issues; the information society and information and communications technology; as well as migration and development. The intention was that Finland should use the instruments of development co-operation, trade and security policy in a coherent manner. This would improve the quality, effectiveness and efficiency of Finland's development policy.

The word “complementarity” was not mentioned in the document, but the notion was indirectly referred to under “coherence”, “shared goals” and “accountability”. There was also an indirect reference to the “division of labour” between development co-operation, trade and security, and between the multiple sectors in which Finland's development co-operation was engaged, as well as in the international context. It was also mentioned that international development goals could be realised only if they were backed up by the general public, civil society and the business world. NGO activities were considered to be particularly important, as they strengthened Finnish people's knowledge about global and social responsibility.

Coherence, co-ordination and complementarity were important concerns for the Minister in charge of development co-operation between 2003 and 2007. Finland was even successful in influencing the OECD-DAC and EU agendas to this effect. Finland can claim that it was an important advocate for complementarity in the negotiations that led to the Paris Declaration (OECD 2005) and the Accra Agenda for Action (OECD 2008). Finland also actively contributed to the various EU policy frameworks

in this regard (see 3.2) – notably, the 2007 EU Code of Conduct on Complementarity and Division of Labour (EU 2007a).

The **Development Policy Programme 2007** (MFA 2007) bore the sub-title *Towards a Sustainable and Just World Community*. The document placed Finland's development policy into the international context (the UN, OECD and the EU) and emphasised Finland's active engagement in these forums. Main goals for the development policy were to eradicate poverty and to promote sustainable development, in accordance with the MDGs. The emphasis was on ecologically sustainable development, with cross-cutting themes being: the promotion of the rights of women and girls, with a view to achieving gender and social equality; promotion of the rights of groups that are easily excluded (e.g. children, indigenous people, people with disabilities); and combating HIV/AIDS. Finland's development co-operation focused on the environment, energy, forests, agriculture, water, regional policy, trade, and the information society.

Guiding principles of development policy were stated as being coherence, complementarity and effectiveness. Policies and activities needed to be coherent at all levels – global, among donor countries, in the EU context, and in Finland. Complementarity was to be achieved multilaterally within the UN and the EU, as well as at country level. There was a mention of innovative financing mechanisms that would complement ODA, but which would be channelled primarily by using existing aid delivery channels. An adequate division of labour between donors, and ownership by developing countries themselves, would result in the effectiveness of aid. Complementarity was mentioned as a general principle, but no detailed guidance was given as to how it would be implemented.

Fragmentation of development co-operation became a major concern for the Minister who became responsible for development co-operation in 2011. There was a growing sense that the numerous instruments of development co-operation needed to be better co-ordinated and streamlined. There was concern expressed particularly with regard to the added value of two instruments – IKI and NGOs – that were not part of the mainstream programming process. The transaction cost of dealing with NGOs and IKI was perceived as being relatively high. This aspect was particularly important at a time when human resources available for development co-operation were static or even decreasing.

Despite this, NGO co-operation and, to a certain extent, IKI were considered to be important, as they built bridges into Finnish civil society. While support for development co-operation was still high among the Finnish electorate (according to a survey referenced in the 2007 policy document, 85% of the population were in favour of aid), there was also a sense that non-governmental and direct channels were more effective and efficient. The Finns Party (representing around 20% of the Finnish electorate) stated that all aid should be channelled through NGOs. In this overall context, it was not surprising that NGO co-operation benefited from rather substantial budget increases.

**Finland's Development Policy Programme** (MFA 2012a) strongly emphasised a human rights-based approach, as well emphasising climate sustainability, an inclusive green economy that promoted employment, sustainable management of natural resources, and environmental protection. Cross-cutting objectives were gender equality, reduction of inequality, and climate sustainability. The focus was on the least developed countries. Box 3 contains the summary on coherence contained in the 2012 development policy document.

**Box 3** Policy coherence for development (2012).

“Development policy and development co-operation are not sufficient for achieving development goals. Long-term work to strengthen the achievement of development goals should also be done in other policy sectors relevant for development, both in donor countries and in partner countries. Policy coherence is necessary within development policy, between different policies, and among donors. Private sector and civil society activities also play an important role. Policy coherence enhances development results and makes the use of public funds more efficient. Finland is committed to policy coherence for development and promotes its implementation at the national level and in relation to its own partner countries and other donors. In order to enhance policy coherence for development, strategic management will be strengthened and co-operation between ministries enhanced. In accordance with the Government Programme, Finland promotes policy coherence actively in the EU. To this effect, the national EU co-ordination system will be utilised efficiently. On policy coherence for development, Finland implements the recommendations of the OECD. OECD's tool for policy coherence will be piloted on the themes of food security and the right to food. Policy coherence on other themes, such as trade and development, tax and development, migration and development, and security and development, will be strengthened both nationally and internationally. The Government will submit a communication to the Parliament on aid effectiveness and policy coherence for development in the first half of 2014”.

Source: Finland's Development Policy Programme 2012 (MFA 2012a, 15).

Development policy objectives were to be promoted through various co-operation modalities that complemented each other: development funding and policy dialogue bilaterally, regionally and multilaterally, as well as through civil society organisations and the EU. The document contained various references to the principle of complementarity, which, with reference to NGO co-operation, was described as a co-operation criterion (MFA 2012a, 19). However, the document did not contain any specific guidance as to how this principle would be implemented. The document also did not contain a clear definition of the notion of complementarity or specific references to the EU Code of Conduct on Complementarity and the Division of Labour in Development Policy (EU 2007a) and its follow-up.

The size of programmes and projects was to be increased and the number decreased in both bilateral and multilateral co-operation. Results-based management was strengthened – notably, in country programming, which would be based on donors’ joint analyses, EU country strategies, joint programming, and division of labour. Partner countries’ leadership in the co-ordination of co-operation was supported.

In accordance with EU recommendations, each country programme would include a maximum of three sectors. Monitoring of performance and results would make greatest possible use of partner countries’ systems. Both general and sector budget support would be used, based on a contract between the partner country and donors, and with an emphasis on good governance, human rights, reduction of inequality, and democratic values.

Finland would increase its focus on multilateral organisations – notably, organisations of the UN system, and development financing institutions. Policy dialogue would be sharpened by advocating a limited number of priorities.

Co-operation with Finnish NGOs would be increased, aimed at greater effectiveness in accordance with guidelines of the Istanbul Principles and the “International Framework for CSO Development Effectiveness”. Civil society organisations active in Finland’s long-term partner countries were encouraged to support the objectives of Finland’s country programmes. Local Co-operation Funds would better support the objectives of the country strategy.

**In conclusion,** it may be stated that policies that have governed Finland's development co-operation since 2003, and also during the decade before, have shown a great deal of continuity, with a consistent emphasis on coherence, co-ordination and complementarity of different instruments. Another feature of Finland's development co-operation has been its broad angle and diversity, which seems to have increased since 2008.

Fragmentation of the different instruments was felt to be a challenge in the MFA, which explained the new emphasis on coherence and complementarity of instruments. This provided the background and rationale to the present evaluation.

Finland's search for complementarity is grounded in OECD-DAC and European policies, in which Finland has been actively involved. However, even the 2012 policy document does not contain clear references to the specific work undertaken in the EU on complementarity and the division of labour. None of the policy documents contained a clear definition of complementarity, or guidance as to how the broad principle should be implemented.

The evaluation also found little evidence that Finland's development policy fully integrated all dimensions of the outcome of the Busan High-Level Forum, which placed aid effectiveness in the broader context of development effectiveness – involving broader partnerships, including South-South co-operation. This had implications for potential partnerships with new sources of financing and assistance to developing countries, including from “emerging donors”. Even the 2012 Development Policy Document was still very much grounded in the paradigm of aid effectiveness. This was as defined in the Paris Declaration and the Accra Agenda, whereby complementarity was sought with partner countries – acknowledging their ownership and leadership – and with other donors, notably within the EU context, as well as with the private sector and civil society. There was no reference to potential new partnerships – such as with increasingly major players in developing countries through, for example, South-South and triangular co-operation.

## 4.2 Overview of Finland's development co-operation

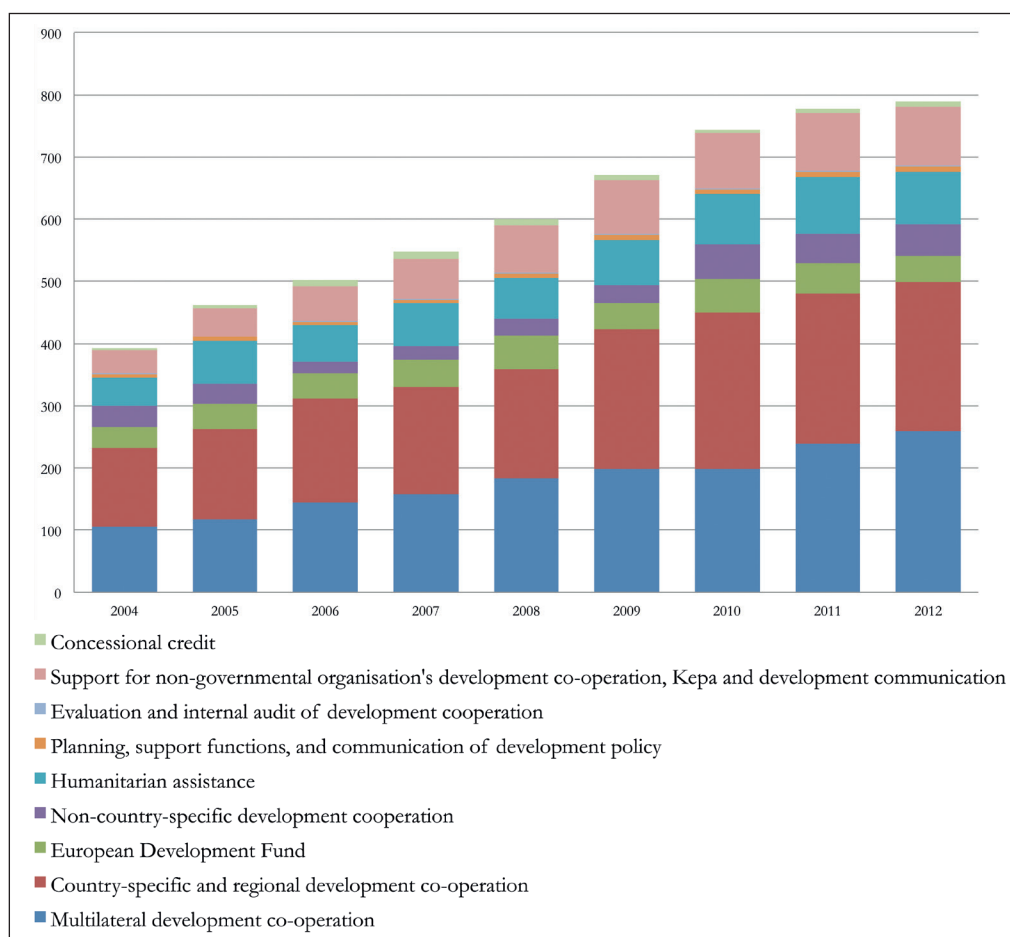
According to the OECD-DAC Peer Review 2012 (OECD-DAC 2012), Finland had increased its ODA substantially since 2008, both in volume and as a percentage of GNI. In 2010, Finland exceeded its EU intermediate target of allocating 0,51% of its GNI to ODA, by reaching 0,55%. In 2011, Finland's aid budget increased nominally and stood at US\$ 1,41 billion (0,52% of GNI). According to Finland's budget projections, ODA growth was set to stall in 2013 and 2014, and to fall in 2015. The government planned to look for innovative sources of financing to help Finland meet its ODA targets for 2015 (OECD-DAC 2012, 11).

The report commented that these plans were still vague, providing no predictability on future aid increases. Finland is hence at risk of not being able to fulfil its commitments on ODA levels, which were to reach 0,7% of GNI by 2015 (OECD/DAC



2012:15). According to the same report, the top 10 recipients of Finland's ODA were Tanzania, Mozambique, Afghanistan, Ethiopia, Nepal, Vietnam, Kenya, Zambia, Nicaragua, and Sudan. Further details are provided in tables contained in Annex 4. Figure 2 shows Finland's ODA disbursements between 2004 and 2012 by budget line. Details are also contained in Annex 4.

**Figure 2** ODA disbursements by budget line in 2004-2012 (€ millions).



Source: MFA Department for Development Policy – information provided to the evaluation.

A number of observations can be drawn from these tables:

- Around 30% of Finland's ODA was channelled through "multilateral development co-operation", and another 30% on "country-specific and regional co-operation". The relative shares remained constant between 2004 and 2012.
- Contributions to the European Development Fund represented almost 9% in 2004, but declined to just over 5% in 2012.
- The growth for support for non-governmental organisations' development co-operation was above average (from 9,8% of the total in 2004 to 12,0% in 2012).



Table 1 shows the evolution of disbursements by type of aid between 2010 and 2012.

**Table 1** ODA Disbursements by type of aid 2010-2012 (€ thousand).

Type of aid	2010	2011	2012
Administrative costs not included elsewhere	64.209	65.740	63.680
Budget support	66.150	49.844	29.097
Core contributions and pooled programmes and funds	480.214	494.385	534.485
Experts and other technical assistance	17.733	20.619	22.362
Other in-donor expenditures	42.099	33.143	21.396
Project-type interventions	335.970	347.490	355.663
Grand Total	<b>1.006.375</b>	<b>1.011.221</b>	<b>1.026.683</b>

Source: MFA Department for Development Policy.

“Core contributions and pooled programmes and funds” increased their relative share from 48% in 2010 to 52% in 2012 (preliminary estimate). There was a notable decrease in the importance of budget support, which represented 7% in 2010 and only 3% in 2012. “Project-type interventions” increased their share slightly from 33% in 2010 to 35% in 2012.

**In conclusion,** Finland’s ODA grew substantially between 2004 and 2012, both in volume and as a percentage of GNI, but this growth may not be sustained as from 2014. All budget lines benefited from this growth in absolute terms, whereby contributions to the European Development Fund and also budget support showed a relative decline. There was also a relative growth for project-type interventions and in support to NGOs. The growth in expenditure through NGOs reached 12% of total co-operation in 2012. The IKI instrument represented only 0,74% of overall development funding between 2008 and 2012.

## 5 COMPLEMENTARITY OUTCOMES IDENTIFIED IN CASE STUDY REPORTS

### 5.1 Case study I: Policies and Practices

#### 5.1.1 *Guidance on complementarity in Finland’s development co-operation and experiences with its implementation*

The multiple streams and instruments of funding characterising Finland’s development co-operation involved a myriad of external and internal relations, with challenges to establish complementarities. As pointed out in section 4.2, policies dating back

to 1993 – particularly those of 2004, 2007 and 2012 (MFA 2004; 2007; 2012a) – emphasised notions related to complementarity (e.g. coherence and co-ordination), without being too specific about dimensions related to complementarity. In 2013, there was a sense among senior MFA staff that fragmentation had increased since 2007. Provisions in the 2012 Development Policy Programme stipulated an increase in the size of programmes and a decrease in the number of distinct activities in both bilateral and multilateral co-operation. These orientations broadly coincided with EU policies on complementarity and the division of labour. However, these topics (e.g. the EU definition of complementarity) were not referred to.

Within the MFA, the Department for Development Policy has a long tradition in translating development policy into detailed **guidance** to regional departments, Embassies, and to other development organisations in Finland concerning the design and implementation of programmes and projects. Manuals and templates for project proposals, monitoring and reporting exist for all sectors and instruments of Finland's development policy and co-operation – for example, agriculture and forestry, water management, HIV/AIDS, bilateral and multilateral co-operation, human rights and gender equality, budget support, AfT, concessional credit, IKI co-operation, as well as for NGOs and civil society involved in development. The guidance documents were periodically updated, as appropriate.

A review of these guidance documents indicates that most of them made systematic references to OECD and EU agreements and guidelines, as well as to overall Finland's development policy documents. Finland was apparently very mindful of principles stated in the Paris Declaration and the Accra Action Agenda, as well as EU development policies. In all policies and guidelines, Finland respected ownership and leadership of governments of partner countries, and sought an optimal division of labour with other agencies operating in the international arena and at country level. However, the documents contained little specific guidance on complementarity.

Bilateral co-operation followed the **Guidelines for Programme Design, Monitoring and Evaluation**, which dated back to 2000 (MFA 2000). The document set out development co-operation as part of overall foreign policy, and acknowledged a growing diversification of co-operation instruments. The main thrust of the document was focused on the design, implementation, monitoring and evaluation of distinct projects to be implemented in co-operation with partner countries. Projects were to match partner country policies, and participation by all stakeholders at different stages of the project cycle was encouraged.

It was only in 2012 – in response to an audit and major evaluations (see 5.1.2) – that the MFA issued a new **Manual for Bilateral Programmes** (MFA 2012b). The document acknowledged that development co-operation had moved to demand-based approaches, in which programmes needed to be tailored to utilise partner country systems. While still providing detailed guidance for different stages of the project cycle, there was a greater emphasis on country context, donor co-ordination, jointly-financed programmes, and combinations with multilateral forms of co-operation.

The Manual contained a brief reference to the proposed EU practice of joint programming, involving joint multi-annual programming, which aims at alignment of donors to the programming cycles of the partner country and also synchronisation of programming processes of EU member states and the EC. A division of labour between donors would involve distributing and co-ordinating roles, sectors or activities among the donors according to their resources and strengths – thus making the most of their comparative advantages for the benefit of the partner country. The expectation was that a division of labour would streamline co-operation and reduce transaction costs (MFA 2012b, 15-16).

While the Manual contained relatively elaborate guidance on how to ensure external complementarity, its references to internal complementarity were less specific. The Manual only made reference to various other manuals that were said to complement each other (MFA 2012b, 6) but without explaining, how the different areas and themes would complement each other in substantive terms. The manuals referred to were those related to General Budget Support (GBS), Sector Budget Support (SBS), Finnish private sector support instruments (Finnpartnership), IKI for Finnish government agencies, the Higher Education Institutions - Institutional Co-operation Instrument (HEI-ICI) for universities, and the Development Co-operation instruments for NGOs. A review of all these manuals, however, revealed that none of them gave any coherent and comprehensive guidance on how to ensure internal complementarity.

In 2012, the MFA also introduced the **Results-Based Country Strategy Paper Template (with Guidance)** 2013-2016 (MFA 2012c). In countries with major Finnish development programmes, the strategy papers were to include: a country analysis; a review of past bilateral co-operation; the setting of objectives; sectors and key instruments; management of the country strategy; strategic steering, including monitoring and reporting and risk management. The papers were also to include a tentative financing plan. Activities to be covered in a strategy paper were those that usually fell under the purview of the Embassies – including the Local Co-operation Fund (LCF) instrument, and private sector support. However, other forms of Finnish aid – such as NGO co-operation conducted by NGOs in Finland or International Non-Governmental Organisations (INGOs), IKI projects, and many regional programmes (notably those managed by other Embassies) – were not taken into consideration.

Multiple factors have to be taken into consideration when attempting to put policy into practice. This was addressed in an interesting manner in the **Policy Brief: Evaluation of Country Programmes between Finland and Nepal, Nicaragua and Tanzania** (Caldecott, Hawkes, Bajracharya, van Sluijs, Aguilar, Valjas, Killian & Lounela 2012d, 7-8). The study concluded that priorities and modalities at country level resulted less from planning than from the net effects of various influences – including collaboration with other donors, needs expressed by the government, and particular circumstances prevailing in the countries. Bilateral co-operation was also often driven by perceived Finnish Added Value. This could be based on values and concerns that were important to Finland – such as governance, equity, health, rights,

poverty, and civil society empowerment – or on the claim that Finnish actors had a special ability to make contributions in specific technical areas.

Another evaluation, **Sustainability in Poverty Reduction: Synthesis** (Caldecott, Halonen, Sørensen, Dugersuren, Tommila & Pathan 2010), assessed whether and how the implementation of policies enabled real progress towards the goal of sustainable poverty reduction. The study rated the results of various sources of evidence, including a review of evaluation reports, surveys and interviews. The highest-scoring criteria across all activities of Finland's development co-operation were relevance, coherence, partner satisfaction, compatibility, and Finnish added value – interpreted as indicating strength in performing relatively easy or high-priority tasks. The lowest-scoring criteria were replicability, complementarity, efficiency, connectedness, and activity design – interpreted as indicating weakness in performing relatively demanding tasks. Mediocre scores were given to co-ordination, impact, effectiveness and sustainability – interpreted as being largely due to weak activity design.

It was concluded that Finnish-supported activities typically met the priorities both of Finland and of partner countries, responded to some but not all elements of the global development agenda, and usually satisfied the needs and wishes of co-operating partners. On the other hand, and with some exceptions, stakeholders did not communicate enough to create synergy. Environmental and cross-cutting themes were only weakly mainstreamed. Activities were not well-enough designed to deliver many results or impacts, or to resist external pressures. Finally, sustainability and poverty reduction were both indistinctly measurable and little measured.

The reviews, interviews and correspondence all pointed to serious emerging challenges to the sustainable reduction of poverty – including climate change, water and food security, social problems and state fragility, and ecosystem degradation and biodiversity loss.

**In conclusion,** coherence, complementarity and co-ordination were generally referred to in guidance documents as good principles, in accordance with OECD, EU and Finnish policies. These policies were influenced by Finland's commercial and political interests. However, there was no specific guidance on how these principles were to be adhered to. Multiple factors were at play when putting policies into practice, and results were mixed. There were no systems in place to ensure compliance with the guidance.

In response to a trend towards increased fragmentation of Finland's development co-operation since 2007, the MFA provided a boost in 2012 to improved results-based programming, monitoring and evaluation in general, and to bilateral co-operation in particular. However, even this guidance was not very elaborate on implementation of complementarity, and did not include some instruments of Finland's development co-operation – for example, NGO co-operation managed by the MFA in Helsinki, and the IKI instrument.

### 5.1.2 Outcomes in external complementarity

According to the evaluation ToR, the operationalisation of complementarity is to be assessed through Finnish efforts and mechanisms in the EU context, at the multilateral level and in the partner countries. Specific questions relate to Finland's role and entry points in advocacy for complementarity at the policy level, and on factors that have supported or hindered complementarity outcomes.

The evidence is presented with reference to: a) complementarity in multilateral co-operation (UN and international development financing institutions); b) complementarity in the OECD and EU context; and c) complementarity with development efforts in partner countries in terms of responsiveness to those countries' needs and priorities, as well as of co-operation with other development partners. The evidence is mostly drawn from reports, reviews and evaluations concerning Finland's development co-operation.

Complementarity in multilateral co-operation (UN and international development financing institutions)

A significant share of Finland's development co-operation provided funds to **multilateral organisations**. As Figure 2 in section 4 indicates, 27% of Finland's total funding in 2004 was for multilateral funding, which increased to around 32% of the total budget in 2012. This funding was aligned with the goals of these organisations. Finland's international environmental co-operation and financing of work on climate change was also part of this multilateral development co-operation.

Finland provided a significant amount of support to the **UN development system**, as UN organisations were considered to be major co-operation partners in the achievement of international goals, shaped with the active participation of Finland. For example, Finland supported the work of the United Nations Development Programme (UNDP), the United Nations Population Fund (UNFPA), the United Nations Children's Fund (UNICEF), and the World Food Programme (WFP). Finland's most important co-operation partners among **international development financing institutions** were the World Bank (WB) Group, the African Development Bank (AfDB), the Asian Development Bank, and the Inter-American Development Bank, as well as the International Fund for Agricultural Development (IFAD). (MFA 2008c).

Within the UN context, Finland was particularly interested in specific global agendas and frameworks. Finland influenced the development of the international **Aid for Trade** agenda through its participation in the work of various international organisations. This included working with the UN Conference on Trade and Development (UNCTAD), the International Trade Centre (ITC), the World Trade Organisation (WTO) technical assistance programme, and the Enhanced Integrated Framework (EIF) programme of six international organisations. These organisations promoted the integration of least developed countries into international trade (MFA 2008b).

Finland was involved in the organisation of conferences, and actively participated in negotiations under the **Framework Convention on Climate Change**. The MFA participated in the work of the Global Environment Facility (GEF) Council as a permanent member in 2005–2008. In addition, Finland supported two special climate funds administered by the GEF – the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF) – and took part in the work of the GEF Council. In particular, the funds supported adaptation by the least developed countries to climate change. A major new investment in Finland’s multilateral co-operation was channelled into the Food and Agriculture Organisation (FAO) of the UN, on Sustainable Forest Management in a Changing Climate. Finland contributed to the funding of the national forestry programme service of the FAO and the Forest Carbon Partnership Facility of the WB. Finland supported the Centre for International Forestry Research (CIFOR), the World Agroforestry Centre (ICRAF), and the secretariat of the UN Forum on Forests (UNFF) (MFA 2008a; 2011a).

Finland has also been committed to multilateralism and the belief that international norms and development goals on human rights, gender equality, protection of vulnerable groups, and sustainable development for all need to be promoted and supported. The 2012 **Evaluation of Nordic Multilateral Organisations: A Finnish Perspective** (Aarva, Zukale, Magnusson & Nogueira de Morais 2012) focused on how Nordic countries influenced gender equality policies, decision-making, and the work of the WB and of the AfDB. The evaluation found that, in the WB, the Nordic countries – Denmark, Finland, Iceland, Norway and Sweden, together with Estonia, Latvia and Lithuania – formed a joint constituency; in the AfDB, a constituency was formed with India. The Nordic countries were found to have had an influence, informally, on the Banks’ policies and decision-making as a result of consultation meetings and meetings with the President and Bank staff, and through position papers and analyses. The review concluded that the Nordic and Baltic countries, together with Switzerland and India, influenced WB and AfDB decision-making with a view to improving gender equality in Africa.

### **Complementarity in the OECD and EU context**

Finland was also strongly engaged in strategic action as part of the **OECD and EU development policies**. There are indications that Finland was very active in the Paris Declaration and subsequent conferences, and in the shaping of the EU’s Code of Conduct on complementarity and division of labour (EU 2007a) (see 3.2). However, Finland’s strong commitment to multilateralism met with increasing challenges in the international context (see also 3.2). For example, there appears to have been a slowdown in mutual accountability surveys under the Paris Declaration, which will be replaced by monitoring under the commitments of the Busan Forum.

During interviews for the evaluation, **MFA senior staff** mentioned that active support to the EU in recent years was dented to a certain extent by concerns about the inability of the EU to impose austerity measures on member states with high public finance deficits. Within the EU context, at partner country level, increasing difficul-



ty was encountered in trying to reach consensus on how to deal with unsatisfactory performance of developing countries benefiting from budget support and other programme-based approaches. This may explain, at least in part, why Finnish contributions to budget support have declined in recent years (see 4.2).

In this context, it is also important to mention Finland's position with regard to EU joint programming. On the EU's development co-operation programme 2014-2020, the MFA confirmed Finland's active commitment to joint programming, but also recognised that progress would be slow and uneven in different partner countries. Obstacles were expected in some partner countries, as they might fear budget reductions, but also among other EU member countries concerned about their bilateral relations. Flexibility would be required, as the administrative cultures of EU institutions and member states were very different from each other. However, the performance of EU Delegations was found to be mainly satisfactory. At the same time, an additional workload for the Finnish Embassies was expected. Nevertheless, support to EU joint programming remained a priority for Finland, especially in post-crisis countries.

### **Complementarity with development efforts in partner countries**

External complementarity at country level is assessed in terms of: a) Finland's responsiveness to partner countries' needs and priorities; and b) co-ordination with the work of other development partners.

#### *Responsiveness to needs and priorities of partner countries*

The extent to which Finland's programme was responsive to partner countries' needs and priorities can be gauged from an extensive body of independent evaluations of co-operation at the country level, as well as from reviews of self-evaluations conducted by regional departments in the MFA and Embassies of Finland in the field.

Evaluations of development co-operation with Ethiopia, Nepal and Nicaragua indicated that the goals of Finland's programme were not always fully aligned with external partners in these programme partner countries:

- The Evaluation of Development Co-operation with **Ethiopia** 2000-2008 found that Finland was good at aligning with government priorities and systems (Borchgrevink, Poutiainen, Kahsay & Nordström 2010).
- In contrast, the Evaluation of the Country Programme between Finland and **Nepal** observed that the Government of Nepal would have preferred Finland's assistance to be based on sector budget support, in accordance with principles of the Paris Declaration (Caldecott, Hawkes, Bajracharya & Lounela 2012a). However, the donor community, including Finland, resisted committing itself to this approach in Nepal, mainly because of the perception of serious and widespread corruption.
- The Evaluation of the Country Programme between Finland and **Nicaragua** noted that goals were shared between the government and Finland until early 2007 (Caldecott, van Sluijs, Aguliar & Lounela 2012b). As from 2007, the views of the Nicaraguan and Finnish partners increasingly diverged because of less

partner government interest in the poverty alleviation strategies proposed by the donors. The emphasis then shifted to the financing of civil society actions on governance and human rights. This seemed to mainstream the cross-cutting themes, but in a polarised context led to tensions with the partner government.

Similarly, the Evaluation of the Transition Partnership with Egypt (MFA 2010a) found that the decision to phase out grant-based development projects and introduce a more diversified partnership was a unilateral Finnish decision. The Egyptian side emphasised its interest in Finland's assistance in the trade sector, but it was not selected as one of the priority areas, which were environment and information society. The new partnership envisaged a number of new instruments: a concessional credit scheme; Finnpartnership; the LCF instrument; a student and research exchange programme; IKI projects; HEI-ICI. The evaluation came to the main conclusion that the introduction of these instruments took much more time than expected, and that the new instruments were inadequately suited to the Egyptian context. The main lesson from this evaluation was that aid exit and transition strategies necessitate clear and achievable targets with considerable support of the partner country. Interestingly, the MFA subsequently emphasised that the IKI instrument was particularly well-suited to co-operation with a middle-income country such as Egypt, and that LCF co-operation – and potentially also other forms of NGO-support – would be useful in supporting human rights, democracy and good governance, women's rights and gender equality initiatives.

In addition to the recent country programme evaluations, the 2011 Evaluation of Finnish **Aid for Trade** (Bird, Turner, Rovamaa, Suokko & Muraguri Gathii 2011) concluded that, in many cases, Finland's overall bilateral co-operation was well-aligned with national development strategies through the process of bilateral consultations and negotiations on which sectors to support. However, it found that a significant amount of Finland's AfT was not based on bilateral consultations and negotiations. Also, a number of projects and programmes classified as AfT by Finland did not explicitly include trade-related activities or outcomes. It was, therefore, difficult to assess whether these reflected the trade priorities of the partner country.

The evaluation of Finnish Support to the **Energy Sector** found that projects were in line with the development agendas of its partner countries (MFA 2011b). Similarly, the evaluation of Finnish Support to Forestry and Biological Resources found that, overall, Finland had a good record on engagement and synergies with partner governments (Hardcastle, Forbes, Karani, Tuominen, Sandom, Murtland, Muller-Plantenberg & Davenport 2010).

In 2007 and 2008, a Meta-Analysis of Development Evaluations (Williams & Sepänen 2009) was carried out, covering **decentralised evaluations** implemented by regional departments and units, and by Embassies. The study concluded that, while there was acknowledgement of the importance of coherence in evaluation reports, consideration of the Paris Declaration and its principles was relatively limited. Com-



plementarity of interventions with host country governments and other donors received even less attention. This was confirmed by the Meta-Evaluation of Decentralised Evaluations in 2010 and 2011 (Sørensen & Thulstrup 2012). This evaluation observed that the quality of development co-operation had changed little since the meta-analysis of 2007. There were good examples of projects that met the needs of poor and easily-marginalised people, but too often these groups were not sufficiently in focus (MFA 2012d).

### *Complementarity with other external aid*

Much of Finland's work in partner countries was based on partner governments' plans at sectoral level and was undertaken in conjunction with other donors, both bilateral and multilateral. The Evaluation of the Country Programme between Finland and **Tanzania** (Caldecott, Valjas, Killian & Lounela 2012c) found that the programme was well co-ordinated with other donors' programmes and complemented them. However, as from 2007, Finland increased the number of parallel implementation structures and reduced the use of national systems, thus eroding performance in terms of Paris Declaration indicators. On the other hand, Embassy participation in multi-donor mechanisms amplified the positive influence of the country programme. The Embassy team participated in, and contributed to, the effectiveness of all relevant co-ordination mechanisms.

The evaluation of Finnish Support to **Forestry and Biological Resources** found that, overall, Finland had a good record on engagement and synergies with partner governments and other donors (Hardcastle *et al* 2010). For instance, interventions in Kenya were in line with government priorities in the sector, while there was useful complementarity from a number of small NGO projects that were supported from Embassy funds.

The evaluation of Finnish Co-operation in the **Water Sector** found that Finnish support was highly compatible with sector policies, and that national policies provided the basis for the selection of programmes and projects (Matz, Blankwaardt, Ibrahim-Huber, Nikula & Eder 2010). However, interventions were not always fully complementary. There was good co-operation with the WB in Vietnam, where Finnish aid through technical assistance complemented the investments provided by the Bank. Similarly, the water programme in **Ethiopia** was a good example of co-operation with a WB-led programme. There was, however, unclear ownership from the Ethiopian government, which led to overlapping activities of several of the donors in terms of monitoring.

The evaluation of Finnish Support to the **Energy Sector** found that Finland also co-ordinated closely with other donors and partner countries to design activities in the energy sector in a way that facilitated harmonisation (MFA 2011b). At the policy and programme levels, Finland was an active participant in donor co-ordination, but missed some opportunities for synergies in project implementation. The main reason, according to the evaluation, was that the Embassies of Finland were not sufficiently involved.

There is ample evidence that Finland sought **optimal co-ordination** and effective **horizontal division of labour** with other bilateral and multilateral agencies. **Joint accountability** in most countries was mainly limited to the mutual accountability process that occurred through the Paris Declaration monitoring survey. However, the evaluations of country programmes and the sectoral evaluations did not provide specific information as to concrete measures and mechanisms supported by Finland to avoid **over-crowding of certain sectors** and/or under-investment in certain sectors or themes (“**aid orphans**”). In Tanzania, there was specific mention of the Joint Assistance Strategy for Tanzania. The country evaluation noted that Finland’s programme in Tanzania was incoherent, which suggested that this strategy – aimed at a division of labour between development partners – was not adhered to by Finland (Caldecott *et al* 2012c).

**In conclusion,** the large share allocated in Finland’s ODA to multilateral co-operation is evidence of the country’s strong commitment to global goals and commitments under the UN, OECD and the EU.

At all times, Finland actively contributed to the shaping of international agendas and frameworks for strategic action. However, it has become more challenging, in the OECD context, to maintain the discipline of Paris Declaration mutual accountability processes. Similarly, in the EU context, it has proved difficult to translate commitments to complementarity and division of labour into actual joint programming in partner countries.

The various evaluations of development co-operation with partner countries suggest that Finland attached importance to responding to partner countries’ needs and priorities. It also sought to abide by principles of countries’ ownership and leadership. Finland actively sought co-ordination and complementarity with other external development co-operation agencies.

However, in a number of cases, Finland – mostly in consultation and co-ordination with other donors – took decisions to transform the partnership with a country without succeeding in securing the willingness and capacity of the partner government to support the transformation process. In these cases, development co-operation reverted to diversified project aid, with possible challenges to coherence and complementarity.

### 5.1.3 Outcomes in internal complementarity

In accordance with the ToR, internal complementarity is assessed in terms of: a) bilateral and multilateral co-operation; b) complementarity with special instruments; and c) complementarity with programmes through instruments other than the MFA. The evidence presented in this section will be limited to bilateral and multilateral co-operation, and consideration of one special instrument – support to the private sector. Other special instruments and programmes outside the MFA will be described in the subsequent sections on the IKI and NGO case studies.

## Complementarity of bilateral and multilateral co-operation

Box 4 describes the internal organisation of development co-operation in Finland, with clear roles and responsibilities for Parliament and different parts of the MFA.

### Box 4 Participants of Finland's development policy.

“The **Parliament** makes annual decisions on the development co-operation appropriations to be included in the budget, as well as the authorisation for granting aid and making agreements. The Government makes the annual decisions on the more detailed targeting of authorisation. The authorisation decision process is a central factor in the strategic planning and development policy steering of operations. The minister responsible for development co-operation grants funds for development co-operation projects and programmes.

The **Development Policy Committee** appointed by the Government is an advisory body for Finland's policy regarding developing countries. It monitors and evaluates operations on the various political areas that have an impact on the situation of developing countries, and comments on major decisions made in these areas.

The **Department for Development Policy** of the Ministry for Foreign Affairs carries the total responsibility for the planning, preparation and monitoring of the development policy and development co-operation.

The operative implementation of development co-operation is the responsibility of the ministry's **geographic departments** and the **units** under them. The departments and units are responsible for the appropriations placed under their administration, and the operations carried out with these appropriations. The administration of the development co-operation carried out by Finnish NGOs falls under the **NGO unit** of the Department for Development Policy of the ministry.

The tasks of Finland's **diplomatic missions** in the partner countries include the assessment of the target countries' situation from the point of view of Finland's development policy objectives, participation in the preparation of development co-operation projects and programmes as well as the monitoring of their implementation, and the reporting of these activities to the Ministry for Foreign Affairs. The funds for local co-operation, administered by the diplomatic missions and the regional ambassadors, are used to support local operators' projects that are in line with Finland's development policy objectives.”

Source: Performance Audit Report 2010: Complementarity in development co-operation, section 2.1  
The goals and participants of Finnish development policy (highlights inserted). (NAO 2010).

In addition to the participants mentioned in Box 4, the MFA has a **Development Policy Advisory Group**, which is chaired by the Director of the Department for Development Policy. It is meant to ensure policy coherence by reviewing all fundamental issues related to development co-operation and providing advice on such matters to the Minister. In addition, there is the **Quality Assurance Group (QAG)**, which

advises on individual project proposals, including relatively small IKI projects – the value of which is mostly under € 500.000. It is important to note that the QAG has no decision-making power and acts only in an advisory capacity. The decision-making system is also highly centralised. All project or programme proposals of more than € 200.000 need to be approved by the Minister responsible for development co-operation, while smaller initiatives are approved by the Director of the Department for Development Policy. There is also little decentralisation to the Embassies of Finland in the field, as their decision-making is limited to the approval of small NGO-projects from the LCF.

The high degree of centralised decision-making and the important advisory role of the QAG appear to indicate that there was strong co-ordination, coherence and complementarity in all forms of bilateral and multilateral development co-operation of Finland. However, this was not found to have been the case in a performance audit conducted in 2010, an evaluation implemented in 2011, and the DAC Peer Review in 2012.

The **2010 Performance Audit Report on Complementarity** (NAO 2010) provided a critical review of the Finnish policy and development system against criteria of the Paris Declaration. The report called for: a greater devolution of authority from the Ministry to the missions in the field; a more precise definition of Finland's areas of expertise; better monitoring of costs of administering development co-operation; and a clearer conceptual framework based on a division of labour for project aid.

Senior MFA staff expressed the opinion in interviews that the Audit Report had mostly focused on the Paris Declaration (OECD 2005) and the Accra Agenda for Action (OECD 2008). They pointed out that the Busan Outcome Document (OECD 2011a) had placed the aid effectiveness debate into the context of development effectiveness. Interviewees claimed that there was a positive link between development assistance and economic growth in partner countries, and that aid dependency therefore decreased. The responses also drew attention to the fact that the proportion of development assistance of the other money flows and resources of the development countries had substantially decreased in recent years. In addition to private investments, trade and monetary transfers, the development funding by new partners, such as China, had become substantially more important. It was, therefore, not possible to provide an exhaustive answer concerning aid effectiveness and the development results that the aid had produced.

In 2011, an **evaluation of the Results-based Approach in Finnish Development Co-operation** (Poate, Bartholomew, Rothmann & Palomäki 2011) came to the conclusion that there was no strategic framework of development results in Finland's Development Co-operation. While project design guidance was found to be of good quality, standards of practice were uneven. This was due to ineffective procedures, inadequate information systems, and lack of staff incentives. The MFA subsequently committed itself, inter alia, to country-specific and region-specific performance tar-

gets, with appropriate measurements, consultations with long-term partners on performance standards, appropriate objectives for sectoral development agendas, and results-based design, reporting and monitoring for projects and programmes. All projects, including IKI and NGO projects, were to apply the same design principles to improve comparability and consistency. More generally, the new development policy of 2012 would contain a more articulate results framework, including a definition of how Finland would contribute to the implementations of international development goals (MFA 2012d, 11).

The **2012 OECD/DAC Peer Review** (OECD-DAC 2012, 14) emphasised the need to strengthen analysis and monitoring: *Finland does not have a system for monitoring, or the capacity for analysing, the impact of policies on development. This poses a challenge for identifying incoherent policies and examples of how domestic and EU policies can interact positively with developing countries' development objective, and is a missed opportunity for gathering information that could be useful for better informed policy-making, improved reporting and raising awareness.* The Peer Review also reported that the MFA had an efficient and independent evaluation unit (EVA-11) that had been under the direct supervision of the Under-Secretary of State for Development since 2008. The unit is in charge of centralised evaluations, while other departments managing ODA have responsibility for decentralised evaluations. The unit is described as efficient and independent, and making the best of a limited number of staff. Finland also introduced a new management response system that made it mandatory for management to respond to each evaluation with an action plan.

The 2012 study commissioned by the MFA, **Finnish Value-Added: Boon or Bane to Aid Effectiveness**, contained a succinct summary of the evolution of Finland's development co-operation over the last 25 years. The study may have been conducted in compliance with Guiding Principle 9 – “analysing and expanding areas of strength” – in the EU Code of Conduct on the Division of Labour. The perception of Finnish added value evolved from an emphasis on liberal values in 2004 to a more technologically and commercially oriented concept in 2007, returning to a value-orientation in 2012 (Koponen, Suoheimo, Rugamamu, Sharma & Janner 2012, 14). The study concluded that vague and contested policy concepts such as “Finnish value-added” were poor policy guidelines that created unnecessary confusion. The value of aid was said not to be decided by a donor unilaterally, but that it had to be negotiated on the ground with partners and other donors. Finland's tendency to motivate its aid commercially or politically resulted in fragmentation of aid. The value-orientation of the 2012 Development Policy Programme should be understood as the expression of broad ideals, but their implementation would require prolonged dialogues with partners.

**According to staff interviewed in the MFA**, there was a certain diversification of existing aid instruments, including a stronger role for the private sector and NGOs, as from 2007. The IKI instrument was created in 2008 (although the basic concept already existed in 2003). Finland also wanted to develop a greater presence in a larger

number of countries (over 120 countries with NGO co-operation). The broader geographic spread may have been influenced by Finland's application for a seat on the Security Council in the 2012 election. In practice, this led to a growing fragmentation of development co-operation between 2008 and 2012. It was even stated in one of the interviews that, while successful in the European context, complementarity and division of labour was de-emphasised in Finland itself by the Minister who assumed leadership in 2008.

The Government that took office in 2011 expressed its willingness to address these issues in its **2012 Development Policy Programme** (see 4.2). At the same time, the MFA issued new **guidelines** emphasising results-based management and improved co-ordination for bilateral co-operation (see 5.1). It is still too early to assess how these new policies and provisions have been implemented and whether they have resulted in greater complementarity between bilateral and multilateral co-operation.

### **Complementarity with a special instrument: support to the private sector**

Complementarity between mainstream development co-operation and with other instruments will be assessed mainly on the basis of the case studies on the IKI instrument and NGO co-operation (see 5.3 and 5.4). Therefore, the only dimension considered at this point is complementarity with support to the private sector.

The MFA's support to the private sector was guided by Finland's overall policies with regard to the role of the private sector, emphasising social responsibility and fiscal discipline. Finland's development co-operation had a variety of instruments to promote the private sector, both in Finland and in partner countries. Box 5 summarises the main features of the principal instruments in this context, which were: a) Finnpartnership's Business Partnership Support; b) support to facilitate imports from developing countries; c) Finnfund; d) Concessional Credits, and d) Aid for Trade.

Finnish support to the private sector performed poorly in terms of complementarity, as illustrated by various evaluations that highlighted weaknesses in the design and implementation of the instruments that support private sector activities. AfT and Concessional Credit were evaluated independently in 2011 and 2012, respectively. The Concessional Credit Instrument was discontinued in 2013.

The Evaluation of **Aid or Trade** (Bird *et al* 2011) found that a clear conceptual framework – including a definition of and objectives for AfT, as well as clear trade-related outcomes – was missing. As a consequence, the linkages between projects/programmes defined as AfT and the potential trade outcomes remained unclear. Such a conceptual framework should also have clarified the linkage between trade and growth, poverty reduction and sustainable development. The study concluded: *Looking at the Finnish AfT portfolio, a number of projects and programmes categorised as AfT are considered 'spots on the canvas' and are often not well-linked by strategic thinking on their overall contribution to higher-level trade-related outcomes. There is also significant potential to build links between Finland's bilateral and multilateral support (especially through support to trade-and-development organisations under trade policy and regulations support), increasing the inter-linkages and ensur-*



**Box 5** Private sector co-operation supported by Finland's development co-operation.

**Finnpartnership's Business Partnership Support** helped Finnish and developing country companies in identifying new business opportunities and business partners. Finnpartnership's mission was to increase commercial co-operation between Finland and developing countries, with the objective of enhancing economic growth, diversifying the economy and exports, and reducing poverty in developing countries. The programme was supported by Finland's development co-operation funds of approximately € 7 million per year. Finnpartnership was part of the Team Finland network.

**Support to imports from developing countries:** The Finnish business partnership programme, Finnpartnership, and development and trade policy action were launched in 2006 to facilitate imports from developing countries.

The **Finnish Fund for Industrial Co-operation (Finnfund)** operated in co-operation with Finnish and foreign businesses, investors and financiers. The investments were equity share capital, long-term investment loans, or mezzanine financing. In the past, Finnfund was capitalised with development co-operation funds. Apart from that, the company operates self-sufficiently, as the act concerning its operations requires.

**Concessional Credit (discontinued as from 2013):** The aim of concessional credits was to support the economic and social development of developing countries with the assistance of know-how and technology offered by businesses. The interest subsidy was a financial instrument, in which the funding of exports directed to developing countries was supported by subsidising the granted export credit with interest paid from the Finnish Government's development co-operation funds. The credit was interest-free for the borrower.

**Aid for Trade (AfT)** was an initiative that aimed to improve developing countries' trading capacity, so that they could take an effective part in and benefit from world trade. The initiative essentially referred to support for developing countries' supply-side capacity and trade-related infrastructure. The main part of the support was channelled to domestic production and internal trade, such as reinforcement of the operating environment of entrepreneurial and business activities, or creation of an economic infrastructure.

Source: MFA website consulted in December 2013.

*ing these are mutually supportive in order to increase synergies between the different types of support.* (Bird *et al* 2011, 30).

The evaluation highlighted that both the Development Policy Programme 2007 and the 2008-2011 Aid for Trade Action Plan (MFA 2008b) had similar trade-related objectives. These included: promoting the private sector and entrepreneurship in partner countries; creating an enabling environment; creation of decent jobs; improving

developing countries' ability to engage and benefit from trade negotiations and agreements. The main objectives of the strategy were to support developing countries in adopting strong labour and industrial policies. The Finnish private sector was invited to contribute to economic development in developing countries through, for example, business partnerships. Finland was, therefore, very much in alignment with relevant EU policies, to which it had also contributed during its 2006 EU presidency.

The evaluation influenced the design of the new Action Plan designed in 2012 (MFA 2012e). This Action Plan was entitled Creating Jobs through Private Sector and Trade Development – Aid for Trade Action Plan 2012-2015. The new focus was on the development of production and trade by creating decent jobs. The aim was that this would reduce poverty, which in turn would decrease aid dependency, and enhance economic development, which is recognised as an important factor for the realisation of democracy, human rights, and equality.

The vision was that development co-operation should work as a catalyst to increase other resource flows, such as export revenues, investments, and other private financial flows. A key statement in the policy was: *We want to strengthen the coherence between development policy, trade policy, industrial policy and other important policy sectors. The Team Finland concept provides an excellent basis for working together to promote sustainable development globally and strengthen the position of Finland's companies in the World* (MFA 2012e, 3).

AfT was commented on in the 2012 DAC Peer Review (OECD-DAC 2012). The report highlighted the risk that co-operation with the private sector might lead to more tied aid, which would undermine the private sector in developing countries. Among the tools used by Finland were a concessional credit scheme and Finnfund, which were tied to Finnish suppliers. This type of aid increased from 7% in 2008 to 15% in 2010.

The new Action Plan was felt by the MFA to be an adequate response to the observation in the 2011 evaluation that AfT lacked a coherent vision and strategy ("spots on the canvass"). MFA's view was that there was also no risk that the involvement of the Finnish private sector could undermine the private sector in developing countries, as observed by the 2012 DAC Peer Review. Finnish export promotion was clearly distinguished from AfT, as it was handled by the distinct entity, Finnpartnership.

The Evaluation of **Finnish Concessional Credit Instrument** (von Weissenberg 2012) assessed how the Finnish Concessional Credit Scheme had contributed in 2002-2009 to poverty alleviation, achieving sustainable concrete results, and also its shortcomings. The main conclusion was that the scheme rated poorly on all evaluation criteria, including complementarity, coherence and co-ordination. The evaluation found: inherent tension between the scheme's commercial and development objectives; non-responsiveness to partner countries' expectations; and incompatibility with best international practice, due to the tied aid conditionality. On complementarity, coherence and co-ordination, the study concluded that while there was no incoherence with government policies, concessional credit projects were largely formulated as enclave



entities with no or limited linkages to other Finnish interventions or other donors. Projects were often supply-driven, and there were insufficient incentives to consider broader national and sector policies. Opportunities to bring in the private sector as operators, concessionaries or investors were not considered.

**In conclusion,** an audit conducted in 2010, major evaluations conducted in 2011 and 2012 and the 2012 DAC Peer Review drew attention to systemic shortcomings in Finland's development system to ensure adequate complementarity between bilateral and multilateral co-operation, as well as between different channels and instruments. The high degree of centralised decision-making and the important advisory role of the QAG did not translate into strong co-ordination, coherence and complementarity in all forms of bilateral and multilateral development co-operation of Finland.

There was illustrated by the fact that Finland supported and promoted OECD-DAC and EU policies emphasising the importance of the private sector for economic development to ensure complementarity between ODA and the private sector. However, according to recent evaluations, there have been challenges to the adherence to such principles in the implementation of development co-operation. There was no clear conceptual framework linking projects/programmes to specific trade outcomes.

The DAC Peer Review expressed the concern that co-operation with the Finnish private sector made AfT supply-driven, and that it led to more tied aid. This would undermine the development impact of Finland's support to the private sector in developing countries.

In 2012, the new Development Policy and the issuance of new guidelines sought to address the challenges highlighted by the various reviews and evaluations. It should be noted that this is partly due to the strengthening of the evaluation function, which was made more independent a few years ago (EVA-11). Fragmentation of the different instruments is still felt to be a challenge in the MFA, which explains the new emphasis on coherence and complementarity of instruments. This provides the background and rationale to the present evaluation.

## **5.2 Case study II: Mozambique and Zambia country programmes**

The brief summary of findings concerning complementarity in Finland's country programmes in Mozambique and Zambia is drawn from the case studies that were undertaken as part of this evaluation. For more details, reference is made to the respective case study reports (Bartholomew 2013a; 2013b). The case studies are mostly based on an extensive review of public and internal documents, and on what could be found on the internet.

## 5.2.1 The country programmes

Mozambique and Zambia have both been long-term partner countries of Finland. Zambia has been a development co-operation partner of Finland since 1972, and Mozambique since 1984. Between 2006 and 2010, Finland scaled up assistance significantly to its long-term partner countries – more than doubling allocations to Ethiopia, Kenya, Nepal, Mozambique and Zambia. It significantly increased its funding to Mozambique, from € 20,4 million in 2004 to 32,8 million in 2010. ODA disbursements from Finland to Zambia tripled over this period, from €4,7 million in 2004 to €16,4 million in 2010. Both programmes saw a decline in spending in 2011 and 2012. Details are presented in Table 2.

**Table 2** Mozambique and Zambia Programme Disbursements 2004-2012 (in €).

	Mozambique Programme			Zambia Programme		
	Country-specific and regional aid	Aid channelled via NGOs	Total disbursements	Country-specific and regional aid	Aid channelled via NGOs	Total disbursements
<b>2004</b>	19.684.412	766.515	<b>20.450.927</b>	4.241.448	486.603	<b>4.728.051</b>
<b>2005</b>	18.871.836	616.545	<b>19.488.381</b>	6.304.584	554.420	<b>6.859.004</b>
<b>2006</b>	20.585.435	1.010.388	<b>21.595.823</b>	6.119.057	371.677	6.490.734
<b>2007</b>	19.875.799	1.143.815	<b>21.019.614</b>	13.485.708	444.502	<b>13.930.210</b>
<b>2008</b>	23.152.859	2.242.617	<b>25.395.476</b>	9.839.854	546.977	<b>10.386.831</b>
<b>2009</b>	26.586.705	1.976.020	<b>28.562.725</b>	15.716.094	656.313	<b>16.372.407</b>
<b>2010</b>	31.496.876	1.354.290	<b>32.851.166</b>	14.182.207	693.606	<b>14.875.813</b>
<b>2011</b>	22.490.938	804.953	<b>23.295.891</b>	11.389.998	612.217	<b>12.002.215</b>
<b>2012</b>	27.270.543	682.714	<b>27.953.257</b>	9.066.121	490.256	<b>9.556.377</b>

Source: MFA figures provided to the evaluation.

During the period evaluated, Finland provided GBS to Mozambique and focused the programme on three main sectors. These were health, education and rural development until 2008, when rural development support was changed to the agricultural sector. In 2010, support to the health sector ended, and by 2012 there were three focal areas. These were: agriculture and forestry; education, science, technology and innovation; and human rights and governance support.

The Zambia programme saw a significant expansion in the sector focus and the number of programmes undertaken. In 2004, there were projects in the education and forestry sectors. In 2005, additional funding was provided for the planning of the Zambian National Development Strategy, for the Reform of the Public Administration's Financial Administration. By 2006, a Private Sector Development Reform Programme (PSDRP) and funding through GBS had been included (MFA 2006). In

2012, the country programme focused on four key areas: private sector development and trade expansion; agriculture, environment and natural resources; budget support; and governance. There were 16 programmes in total.

As well as an expansion of Finland's country programme in both countries, the other main trend was a move towards more joint programming and co-funding with other donors. According to OECD-DAC definitions, programme-based approaches have the following features: i) leadership by the host country or organisation; ii) a single comprehensive programme and budget framework; iii) a formalised process for donor co-ordination and harmonisation of donor procedures for reporting, budgeting, financial management and procurement; and iv) efforts to increase the use of local systems for programme design and implementation, financial management, monitoring and evaluation (OECD 2011c).

Most of the aid to Mozambique was in the form of GBS, common funds in the main sectors (e.g. health, agriculture, education) and project support. In Zambia, Finland provided GBS from 2007, education sector funding from 2004-2007. Co-financing in the areas of governance, private sector development, agriculture and the environment. Programme aid represented 77% of the Finland's programme in 2005, 79% in 2008, and 67% in 2010 (OECD-DAC 2013).

The use of programme-based approaches did not increase much in Mozambique, as this stood at 46% of the overall aid programme in 2005 and 2007, and reached only 51% in 2010. Programme aid represented 77% of Finland's programme in Zambia in 2005, 79% in 2008, and 67% in 2010 (OECD-DAC 2013).

In addition, bilateral projects were undertaken through Mozambique and Zambia programmes during the period evaluated. The Embassies also administered LCF funding, although in Mozambique this ceased in 2010. There were NGO projects funded from the NGO Unit in Helsinki and, more recently, IKI projects. The IKI projects provided support from Finnish institutions to public sector organisations in Mozambique and Zambia, and were run from MFA headquarters in Helsinki.

In both countries, a series of bilateral consultations took place every few years with partner governments, and the nature of these consultations changed over the period evaluated. It is notable that, in the early years of the period under evaluation, there was a focus on the harmonisation of Finland's country programme with external partners, and alignment with government systems. Towards the end of the period evaluated, there was less emphasis on these issues and more on the need to tackle corruption and weaknesses in public financial management systems. There was also, in both countries, a shift towards emphasising trade and private sector issues as drivers of economic growth, while the focus on poverty reduction remained the same throughout the period evaluated.

## **5.2.2 Outcomes in external complementarity**

During the period under review (2004-2012), Finland's programme in Mozambique was aligned with Mozambique's main national plans – the Action Plan for the Reduction of Absolute Poverty (PARPA II) 2006-2009, and the Action Plan for the Reduction of Poverty (PARP) 2011-2014. In Zambia, Finland's programme was aligned with the main national plans of the Government of Zambia (GoZ) – the Fifth and Sixth National Development Plans and the Vision 2030.

In both Mozambique and Zambia, Finland focused activities on areas of government priority, and undertook sector programming based on government sector plans. The major sectoral programmes that Finland was engaged with were all based on national sector plans. Bilateral projects were in line with government objectives in the relevant areas.

However, Finland also pursued goals that were not key development objectives for the two partner governments – for example, a human rights-based approach and support to CSOs.

The majority of Finland's programmes were undertaken in collaboration with other development partners. Good examples from both countries of joint work based on shared goals and objectives at sector level include:

- In Mozambique, Denmark had a silent partnership with Finland in the education sector and delegated authority to Finland. Support to the Administrative Court (Tribunal Administrativo) was in conjunction with a number of other donors. Finland was the lead donor among countries providing support to the Institute for Social and Economic Research.
- In Zambia, Finland provided support with the Nordic countries in the environment sector, and with the EU, USA, Sweden and the Development Banks in the agriculture sector. However, there were problems experienced with GBS, due to diverging agendas within the donor group.

In Mozambique, there was no formal division-of-labour process between donors. In accordance with EU Policy and Finland's 2007 Development Policy, Finland took the initiative to exit from the health sector and focus on agriculture and forestry, education, and good governance, plus GBS.

In Zambia, Finland did not comply with the initiative aimed at a division of labour between donors, particularly with regard to the in-country process or the EU guidelines to focus support on three sectors and GBS. Finland did exit from the education sector, but Finland's programme consisted of a large number of programmes, grouped into four sectors.

In both countries, joint accountability was limited to the mutual accountability process that occurred through the Paris Declaration monitoring survey. This was focused

on indicators related to aid effectiveness and, as part of the GBS process, both partner country and the GBS donor performance was monitored. This process had weakened by 2012 due to changing priorities of partner governments, and also concerns on the donor side about public accountability.

No strategies or mechanisms were in place to achieve complementarity with non-traditional development partners – such as Brazil, China, India and South Africa – that played an increasingly important role, especially in Mozambique.

**In conclusion,** external complementarity in both Mozambique and Zambia was mainly driven by country frameworks for aid harmonisation, underpinned by the Paris Declaration, rather than by Finland's development policy and implementation modalities. By 2012, the process had weakened in both countries. No strategies or mechanisms were in place to achieve complementarity with non-traditional development partners.

### **5.2.3 Outcomes in internal complementarity**

Finland's programmes in Mozambique and Zambia were found to have been broadly in line with the priorities and objectives set out by Finland's development policies. These policies were at the level of overarching goals and principles. They were very general and not specific to sectors, and had weak mechanisms to monitor compliance. Until 2012, there was no guidance given on implementation at country level.

In **Mozambique**, there was a strong degree of complementarity within Finland's country programme, in terms of projects and programmes. The country programme became more coherent, and less fragmented, with the phasing out of some bilateral programmes. Some projects were specifically designed to support sector programmes. For example, support to the Mozambican supreme audit organisation, the Tribunal Administrativo, was designed to develop audit capacity and to provide better oversight of funds, which complemented GBS.

Funds from the LCFs and support through the NGO Unit in the MFA in Finland were both complementary with recipient partner goals – although they were not always in line with Mozambican programme goals and priorities in the case of the LCF. The two IKI programmes were both aligned with country programme objectives, as were most of the regional programmes.

In Mozambique, the overall division of labour between the MFA and the Embassies did not operate effectively, as Finnish decision-making remained centralised, while development co-operation was increasingly planned and implemented in-country. Co-ordination of NGO projects run by the NGO Unit in Helsinki improved over the period evaluated.

There was a good division of labour between the MFA and the Embassy of Finland in Maputo for the IKI projects. The Embassy sat on the co-ordinating bodies of the

two IKI programmes, which enabled good oversight of the programmes. However, it was not always well informed on potential IKI projects.

There were no mechanisms to ensure joint accountability between the Embassy and the MFA, or joint accountability frameworks for NGO funding, IKI and regional programmes.

In **Zambia**, complementarity between different instruments of Finland's development co-operation was mixed. Some projects were specifically designed to support sector programmes. The Smallholder Productivity Promotion Programme that Finland undertook with IFAD was designed to provide an opportunity to implement on a wider scale the Luapula Agriculture and Rural Development programme phase II interventions.

There were, however, many projects and programmes that were not well aligned with the country programme objectives. This was the case, for example, for NGO support provided directly by the MFA in Helsinki. The NGO unit in Helsinki tended to operate within a silo, and there was little contact with the Embassy of Finland in Lusaka. In contrast, the division of labour for the LCFs worked well, as the Embassy was responsible for decision-making and administration.

The two regional and private sector programmes undertaken were aligned with overall programme objectives and other projects and programmes, as the Embassy of Finland in Lusaka was adequately informed. However, the Embassy reported that it did not have sufficient information on IKI projects.

The division of labour between the MFA and the Embassy of Finland in Zambia operated effectively, but staffing of the Zambia desk in the Department for Africa and the Middle East was an issue, which resulted in a lack of continuity in support and institutional memory

A key weakness was that there were no mechanisms in either Helsinki or in the Embassy of Finland in Lusaka to monitor compliance with policies and guidance from Helsinki, and to systematically assess and ascertain how complementarity was implemented.

**In conclusion,** there was little guidance and oversight by the MFA on how to achieve internal complementarity between different instruments of Finland's co-operation. In Mozambique, internal complementarity increased, as the country programme was reduced to three sectors, plus budget support. In Zambia, Finland did not succeed in limiting its country programme to three sectors, plus GBS, which would have reflected a greater division of labour with other donors.

## 5.3 Case study IIIa: The IKI instrument

The brief summary of findings concerning complementarity in Finland's Institutional Co-operation Instrument (IKI) is drawn from the case study that was undertaken as part of this evaluation. For more details, reference is made to the respective case study report (Bäck *et al* 2014).

As well as assessing the extent to which it was complementary with the rest of Finland's programme, the instrument was also to be evaluated against DAC evaluation criteria. The case study involved: a review of relevant documents; additional information provided by the MFA for the evaluation; interviews with stakeholders and observers in Finland; two stakeholder surveys; field project visits in nine countries (Barbados, Ecuador, Ethiopia, Jamaica, Kenya, Lao PDR, Namibia, Peru, and Trinidad & Tobago); visits to the Embassies of Finland in Kenya, Namibia and Peru.

### 5.3.1 The IKI instrument

The IKI was established in 2008 to provide capacity development to public agencies in developing countries, making use of the expertise that existed in Finnish public agencies. The MFA supported these twinning initiatives with small project grants, the value of which usually did not exceed € 500.000. Priority was given to countries in which Finland had an Embassy or which were long-term partner countries (MFA 2010b). IKI projects also supported Finnish strategies aimed at regional thematic co-operation between neighbouring countries.

The IKI instrument was a relatively small part of overall Finland's development co-operation. Between 2008 and 2012, it accounted for only € 30,1 million – corresponding to 0,74% of overall funding. Table 3 shows the number of new projects approved each year and cumulative funding allocations until 2012. IKI funding is incorporated into the MFA budget line on country-specific and regional co-operation, as outlined in Figure 2. There was evidence that most of the allocations have been disbursed.

**Table 3** IKI Projects and Funding by year 2008-2012.

Year	Number of new projects	Funding Allocated to IKI projects, cumulative (€ million)
2008	13	
2009	27	6,3
2010	18	13,2
2011	17	20,5
2012	7	30,1
<b>Total</b>	<b>82</b>	<b>30,1</b>

Source: FCG 2012a.



The IKI was supplementary to other forms of development co-operation, such as bilateral co-operation, sector and budget support. It was to be *used in a limited number of situations where colleague to colleague level co-operation can lead to distinct well defined results* (MFA 2010b, 1). An IKI project could support ongoing development co-operation, but had independent aims, means and resources, as well as a Logical Framework or similar tool to demonstrate intervention logic and aimed at results.

Between the formal start in 2009 and December 2012, a total of 82 IKI interventions were initiated; 18 of these were completed, and 14 were moved to the HEI-ICI established in 2010. The IKI projects covered 29 countries in Asia, Africa and Latin America, with 53% of the funding allocated to current and former long-term partner countries for Finland's development co-operation. (FCG 2012, 5-11)

### 5.3.2 Outcomes in external complementarity

Complementarity between Finnish agencies and partner organisations was found to feature prominently in the **design** of the IKI instrument. IKI project documents and agreements were conceptualised in close co-operation between Finnish and overseas organisations. Their quality improved with the introduction of a project preparation grant as from 2010. These documents made reference to shared goals and specific agreed objectives for the projects, as well as, more broadly, to international, Finnish and partner country policies. The need to fill **capacity gaps** in partner organisations featured prominently in the design of these initiatives.

While IKI projects were meant to be “**colleague-to-colleague**” types of co-operation, suggesting equality between partners, organisations in partner countries appeared in the project documentation mainly as recipients of aid. Reports provided insufficient information on existing capacities of partner organisations, and on factors that favoured or hindered the uptake of **capacity development** provided by Finland. Contextual factors – such as the political context – in developing countries were not given sufficient attention.

There were also no references in the documents to how Finnish agencies would benefit from the projects – for example, through a transfer of knowledge or skills from the partner organisations to the Finnish agencies. Therefore, in terms of shared goals, strategic action, division of labour and joint accountability, complementarity between the Finnish agencies and partner organisations was somewhat **unbalanced**. Resources mobilised for the projects were mainly documented for the Finnish side, while benefits were only reported for the organisations in partner countries.

The IKI instrument established good links with **multilateral co-operation** – notably, in the UN context. However, co-operation with other **bilateral assistance** provided by other donors was more limited. The IKI instrument was also mostly confined to traditional North-South technical assistance, without a great degree of consideration being given to opportunities for triangular co-operation and links to **South-South co-operation**.



**In conclusion**, the IKI instrument was successful in fulfilling its basic mandate and purpose of allowing for colleague-to-colleague co-operation between specialists in Finland and in partner countries.

Complementarity between the Finnish agencies and partner organisations was somewhat unbalanced, as the IKI instrument followed a rather traditional technical assistance approach. Contextual factors related to partner organisations – for example, existing capacities, the institutional and political context, and other forms of external assistance – were not given sufficient attention.

### 5.3.3 Outcomes in internal complementarity

IKI projects complied with the 2007 and 2012 development policies of Finland, as they shared **overall goals**, in the broadest sense, with bilateral co-operation – for example, the human-rights based approach to development, and cross-cutting themes and objectives such as climate sustainability, as well as gender and social equality. However, the project documentation contained few references as to how complementarity with official development co-operation would enhance meeting these goals and objectives in **long-term partner countries**. There was also no systematic assessment of comparative advantages of IKI-type of capacity development and other forms of development co-operation.

As a result, the IKI instrument acted largely **in isolation** from other forms of Finland's development co-operation. In long-term partner countries, only limited synergies were achieved between IKI projects and mainstream country programming and other instruments – for example, NGO co-operation. IKI co-operation was only cursorily referred to in the new Country Strategy documents. Best practice examples between IKI projects and mainstream development co-operation do exist – for example, in Kenya, Ethiopia, Lao PDR and Vietnam. However, they seem not to have been the result of strategic action, but rather of ad hoc initiatives within projects (further details in Bäck *et al* 2014).

In countries that were **not long-term partners**, the IKI instrument was often used opportunistically to establish or maintain relations. This has led to a considerable geographic spread of IKI projects. The process was partly driven by technical agencies in Finland seeking broad international co-operation.

In part, the IKI instrument was also used as a convenient political tool for Finland to establish limited relations with some developing countries. This can be justifiable in cases where Finland either wanted to phase out of mainstream development co-operation (as happened, for example, in Egypt and Namibia) or wished to or wished to become involved without making extensive commitments at the outset (e.g. in Myanmar).

**In conclusion**, the case study found that the IKI instrument acted largely in isolation from other forms of Finland's development co-operation.

In long-term partner countries, only limited synergies were achieved between IKI projects and mainstream country programming and other instruments (e.g. NGO co-operation). In countries that were not long-term partners, the IKI instrument was often used opportunistically to establish or maintain relations. This has led to a considerable geographic spread of IKI projects.

## 5.4 Case study IIIb: NGO instruments

The brief summary of findings concerning complementarity in Finland's NGO co-operation is drawn from the case study that was undertaken as part of this evaluation. For more details, reference is made to the respective case study report (Olesen *et al* 2013).

The evaluation drew its findings and conclusions from triangulating observations that originated from: a study of the relevant documents; additional information provided by the MFA for the evaluation, including on previous MFA-NGO complementarity-related consultations; interviews with stakeholders and observers; surveys; field project visits in seven countries (Ecuador, Ethiopia, Kenya, Lao PDR, Namibia, Nepal and Peru); visits to Embassies of Finland in Ethiopia, Namibia, Nepal, Peru and Thailand.

### 5.4.1 *NGO instruments supported by Finland's development co-operation*

A substantial part of Finland's development co-operation was channelled through NGOs. It grew during the period evaluated, reaching 12% of total co-operation in 2012. The three NGO-support instruments were:

- The **NGO instrument** provided project grants to Finnish NGOs. It was managed by the NGO Unit in Finland's MFA.
- The **International NGO (INGO) instrument** provided grants to international NGOs, mainly for regional programmes. It was managed by the MFA regional and political units.
- The **Local Co-operation Fund (LCF) instrument** was administered by the Embassies of Finland and provided small grants to local NGOs and other societal actors in developing countries.

Funding for the NGO instrument is included in Figure 2 (Section 4) as part of the budget line for the support for NGO development co-operation, and in the budget line for country-specific and regional development co-operation. The latter budget line included LCF and INGO support.

At the beginning of the period under evaluation, there was no readily accessible consolidated financial information about the three NGO instruments. Such information as was available was provided, to the extent possible, by the MFA Evaluation and Statistical Units, and from Embassies. According to these sources, it was only possible to provide consolidated 2006-2012 disbursement figures for the instruments. Table 4 indicates the amount allocated to each NGO instrument during this period.

**Table 4** MFA Disbursements to NGO Support Instruments: 2006-2012 (€ million; not including related administrative costs).

NGO Support Instruments	Disbursement 2006-2012
NGO	667,47
INGO	130,37
LCF	84,56
<b>Total</b>	<b>882,39</b>

Source: MFA – information provided to the evaluation.

The NGO instrument was by far the largest of the three instruments in financial terms, corresponding approximately to 75% of total NGO support, while the INGO and LCF instruments represented approximately 15% and 10%, respectively.

Moreover, the MFA provided support for Kepa; travel by Finnish NGOs for project preparation; travel grants enabling representatives from developing countries to participate in international conferences; and grants to NGOs for communication and development education in Finland.

In addition to the NGO instrument, three foundations – the Finnish NGO Foundation for Human Rights (KIOS), the Finnish NGO Foundation for People with Disabilities (Abilis) and the Finnish NGO Foundation for the Environment (Siemenpuu) – provided small grants (normally around €10.000) to local NGOs within the human rights, disability, and environment sectors, respectively. Their budgets of €2 million annually were provided by the Finnish Parliament.

#### **5.4.2 Outcomes in external complementarity**

**Partner governments** mostly recognised the role of NGOs in the provision of public/social services. Therefore, in terms of the NGO role in service provision, there were shared goals between Finnish NGO development support and partner governments, and Finnish support was responsive to the needs and priorities of partner countries.

However, Finnish NGO support, as part of Finnish development co-operation, rested on a human rights-based approach, which was not usually prioritised in national development plans of partner governments. Also, the role and engagement of NGOs

in advocacy and strengthening of civil society were not expressly recognised in the national development plans of partner governments.

The cross-cutting themes of Finnish development policies were also not always included. Thus, there were divergences of goals between Finnish NGO support and the policies of partner governments in relation to the human rights-based approach and cross-cutting themes, and the role of NGOs in advocacy and strengthening of civil society.

Finnish NGOs were complementary to their local **partner NGOs** at the levels of strategic action and joint accountability with regard to conception and implementation of joint projects that were mainly related to service provision. Local partners in NGO co-operation have increasingly become part of a professional NGO sector that depends on external funding and is under varying degrees of government pressure.

While Finnish development NGOs enjoyed a well-established public credibility and position in the political system, they also faced growing demands for professionalism, and from societal trends that may challenge their representation of Finnish society. NGO complementarity with the local NGO communities – in relation to support for human rights and an enabling NGO environment – materialised mainly through LCF projects and support through KIOS. This reflected the limited co-ordination between Finnish NGO projects. Indirectly, most Finnish NGO projects promoted human rights by supporting projects that benefited the vulnerable sections of the population, and therefore helped in reducing inequality.

When **affiliated to international NGOs**, Finnish NGOs were complementary to these at all levels, including activities in relation to multilateral organisations. Complementarity with **other relevant actors** existed only to a limited extent – including examples of support from, and joint action with, private sector actors.

**In conclusion**, Finnish NGOs were complementary to the governments of co-operation countries in terms of alignment with the governments' development priorities and an agreed division of labour for the provision of services. They were complementary to their local partner NGOs with regard to conception and implementation of joint projects. NGO complementarity with the local NGO communities – in relation to support for human rights and an enabling NGO environment – was mainly confined to LCF support. Indirectly, most Finnish NGO projects promoted human rights by supporting projects that benefited the vulnerable parts of the population, and therefore, helped in reducing inequality.

### **5.4.3 Outcomes in internal complementarity**

Finnish NGO support was complementary with other forms of **Finland's co-operation** mainly at the overall level of shared goals, including cross-cutting objectives. In most long-term co-operation countries, it was limited to shared goals and to some

information sharing with and through the Embassies. However, cases were found of division-of-labour and joint strategic action between NGOs and bilateral support, as a result of specific Embassy initiatives.

INGO and LCF support was complementary with Finland's regional and bilateral co-operation at the levels of strategic action and joint accountability, as these instruments were administered by MFA regional and political units and Embassies in line with the objectives of the Finland's regional and country strategies.

For the majority of Finnish NGO projects implemented in countries that are not Finland's long-term co-operation partners, complementarity with Finland's co-operation was generally limited to the level of overall shared goals, including cross-cutting objectives. However, cases of what served as an informal exit strategy, through the use of the NGO and LCF instruments, existed in countries where Finland's bilateral co-operation was terminated due to country progression to middle-income status. Hence, there was an element of complementarity at the division-of-labour level.

Co-ordination and co-operation **between Finnish NGOs**, with interventions in the same countries and sectors, was limited at the strategic planning level and with regard to specific projects. This was also the case **between the three NGO instruments**, which mostly operated in separate silos, with limited knowledge about each other.

Complementarity was also under-utilised with the three **foundations** – Abilis, KIOS, and Siemenpuu.

The **MFA regime for NGO support** was found not to favour complementarity, due to:

- The lack of easily available and up-to-date **information** about the content of the NGO instruments – making it difficult to have an overview of them and to manage them.
- Insufficient management and administrative **guidelines** for the NGO instruments on how to apply complementarity in practice.
- Ineffective **communication and co-operation procedures** – frequently referred to as “firewalls” – between the MFA NGO Unit, other MFA units and Embassies that are involved in the management of the various NGO instruments.

In line with the objectives of the relevant Finnish policies and the Linking Relief with Rehabilitation and Development (LRRD) approach, the three **humanitarian NGOs** – the Development Co-operation Organisation of the Finnish Pentecostal churches (Fida), Finn Church Aid (FCA) and the Finnish Red Cross – prioritised complementarity between their humanitarian interventions and subsequent reconstruction and development. Their EU Directorate General for Humanitarian Aid & Civil Protection (ECHO) accreditation implied additional funding possibilities and participation in EU-level discussions on humanitarian aid.

**In conclusion,** Finnish NGO support was mostly complementary with other Finnish co-operation at the overall level of shared goals, including cross-cutting objectives. However, there were no mechanisms in place to ensure co-ordination, and relevant information was not shared. There were some examples of division of labour and strategic action, as a result of specific Embassy initiatives.

INGO and LCF support was complementary with Finland's regional and bilateral co-operation at the levels of strategic action, division of labour and joint accountability, as these instruments were administered by MFA regional and political units and Embassies.

Co-ordination and co-operation between Finnish NGOs, with interventions in the same countries and sectors, was limited, both at the level of strategic planning and with regard to specific projects. This was also the case between the three NGO instruments, which mostly operated in separate silos, with limited knowledge about each other.

## 6 CONTRIBUTION TO DEVELOPMENT POLICY AND CO-OPERATION

On the basis of the assessment of complementarity outcomes in section 5, it is possible to now consider the extent to which complementarity has produced benefits for Finland's development policy and co-operation. Benefits are assessed in terms of the realisation of cross-cutting themes and objectives, efficiency gains, and the achievement of sustainable results. The latter is understood to be Finland's contribution to poverty reduction and the achievement of the MDGs. The logic is based on the theory of change developed in sections 2.2 and 2.3.

### 6.1 Cross-cutting themes and objectives

The ToR specifically require an assessment of cross-cutting objectives from a complementarity angle. Reference is made to a 2008 evaluation of the Cross-cutting Themes in the Finnish Development Co-operation (Kääriä, Poutiainen, Santisteban, Pineda, Chanda, Munive, Pehu-Voima, Singh & Vuorensola-Barnes 2008) and a 2010 evaluation of Sustainability in Poverty Reduction: Synthesis (Caldecott *et al* 2010). The question is to what extent there were changes during the period evaluated in the ways that cross-cutting themes and objectives were conceptualised and implemented. This was addressed in the case studies of this evaluation.

The first observation that needs to be made is that the term “cross-cutting *objectives*” was not used in policy documents before 2012. The language used was “**cross-cutting themes**”. These themes were conceptualised as follows in 2004: a) promotion

of the rights and the status of women and girls, and promotion of gender and social equality; b) promotion of the rights of groups that are easily marginalised – particularly children, the disabled, indigenous peoples and ethnic minorities – and promotion of equal participation opportunities for them; c) consideration of environmental issues (MFA 2004, 8). The 2007 Development Policy Programme defined cross-cutting themes in almost identical terms, but eliminated the consideration of environmental issues, replacing this with another challenge: combating HIV/AIDS; HIV/AIDS as a health problem and as a social problem (MFA 2007, 16).

The **2008 Evaluation of Cross-Cutting Themes** (Kääriä *et al* 2008) says that there had long been a strong Finnish political commitment to addressing cross-cutting themes and objectives of human rights, gender equality, democracy, good governance, rule of law, environment and HIV/AIDS. A weakness was, however, that there was no common set of cross-cutting themes and objectives for development at that time. The evaluation observed that mainstreaming of cross-cutting themes and objectives had resulted in a situation, where a theme – for example, women's rights and gender equality – was well established at the policy level, but was not well implemented at the programme level. The evaluation contended that attention at both levels was needed.

The **2010 evaluation of Sustainability in Poverty Reduction** (Caldecott *et al* 2010) came to a similar conclusion. The evaluation found that there were no systematic or obligatory practical arrangements by which environmental and cross-cutting themes and objectives were consistently embedded within all Finnish aid activities at all stages. Consequently, impacts on the ground were rare, and were hard to detect, since baseline data were scarce and quantitative monitoring was difficult.

Several other evaluations conducted in 2011 and 2012 observed that cross-cutting themes were not well addressed at the level of programmes and projects. For example, the **2011 Evaluation of Aid for Trade** (Bird *et al* 2011, 4) concluded that project and programme identification and design teams did not necessarily incorporate the expertise on cross-cutting themes to ensure adequate mainstreaming. Also, design templates to address cross-cutting themes were insufficient. The study remarked that there was room for improvement in the anchoring of AfT in the climate change agenda. Likewise, the 2011 **Evaluation of the Results-based Approach in Finnish Development Co-operation** (Poate *et al* 2011) found that 12 of 17 reviewed projects rated low on the extent to which indicators were included that monitored the effects on various aspects of cross-cutting themes and objectives.

The **case studies** of the present evaluation found the following about the extent to which complementarity had helped Finland to address cross-cutting themes and objectives:

- The **country case study on Mozambique** found that there was little information on the extent to which complementarity helped to address cross-cutting themes and objectives. The evaluation found cross-cutting themes and objec-



tives were often incorporated into programming, but there was little evidence of their comprehensive implementation in practice.

- The **country case study on Zambia** found that there were mixed results in addressing cross-cutting themes and objectives. Finland was able to use measures aimed at complementarity to address environmental sustainability, particularly through participation in GBS, but was less successful in other areas. Gender equality and combating HIV/AIDS, although highlighted in Zambia country programme documents, did not feature in Finnish policy dialogue, and was not translated into programme implementation.
- The **IKI case study** found that, given the highly technical and specialised nature of IKI interventions, cross-cutting themes and objectives of Finland's development co-operation were mainly addressed in two sectors: the environment, and climate sustainability. Gender equality, good governance, human rights and the rights of vulnerable minorities were considered important, but partner organisations were hesitant to take them on in situations where they lacked political support, resources and/or the necessary expertise.
- The **case study on NGO co-operation** found that gender and social equality were usually mainstreamed by Finnish-supported NGO projects. However, the objective of climate sustainability was not adequately considered in most NGO projects. Many of the NGOs interviewed had internal institutional policies for mainstreaming cross-cutting themes and objectives, particularly gender equality. Some local NGOs admitted that Finnish government requirements encouraged them to give more attention to mainstreaming the cross-cutting objectives in their projects. However, some gaps were observed in the mainstreaming of cross-cutting themes and objectives in Finnish NGO projects, in terms of coverage and quality. Climate sustainability was considered only by NGO projects working directly on environmental issues, while most NGOs stated that the issue was not directly related to their projects. Twenty of the 46 Finnish NGOs included in the survey reported that they lacked specific indicators to monitor the implementation of the cross-cutting objectives.

The evaluation has not been able to gauge the impact of **Finland's Development Policy Programme 2012**, which has as a central theme the human rights-based approach to development. It also chooses gender equality, reduction of inequality and climate sustainability as its core cross-cutting objectives. The policy states that these objectives will be promoted in all development policy and development co-operation through mainstreaming, targeted actions and policy dialogue, as well as communication in bilateral, multilateral and EU co-operation. The integration of these cross-cutting objectives in all development co-operation activities is defined as a binding obligation, deviation from which must always be specifically justified (MFA 2012a, 23).

The policy document also mentions that cross-cutting objectives will be promoted by means of training and guidance, by developing effective and practical tools for each cross-cutting objective, and by utilising Finland's previously-acquired comprehensive expertise on cross-cutting objectives. Implementation of these intentions was apparently still work in progress at the end of 2012. For example, the **Manual for Bilat-**



**eral Programmes** (MFA 2012b) contained some general references to cross-cutting objectives to be considered at different stages of programme design, but failed to establish a clear link between complementarity and cross-cutting objectives.

**In conclusion,** case studies for this evaluation found that cross-cutting themes were addressed rather unevenly across different parts of development co-operation, and that there were no obvious links between efforts to achieve complementarity and the mainstreaming of cross-cutting objectives.

Issues raised in the 2008 and 2010 evaluations still persisted in 2012, such as: incomplete and inconsistent inclusion of cross-cutting themes and objectives in planning and programme documents; uneven discussion of cross-cutting objectives in negotiations with partner governments and partner organisations; and insufficient indicators for monitoring.

The 2012 Development Policy stated that cross-cutting objectives would be addressed by developing effective and practical tools for each objective. At the end of the period evaluated, follow-up to this intention was still work in progress.

## 6.2 Efficiency gains

The ToR for this evaluation state that part of the rationale of complementarity is to identify potentials for more effective use of available resources. It is noted that, in Finland, resources for development co-operation – both in terms of overall budgets and of staff to administer the development aid – could not be expected to grow substantially during the coming years. This makes efficiency for effectiveness and development results a reasonable goal.

According to the **Mozambique and Zambia** case studies, Finland initially made good progress towards meeting the Paris Declaration indicators in both countries, but this process reversed in later years (see 5.2.). Less use was eventually made of government systems, and less support was provided through programme aid. Finland succeeded in complying with EU and Finnish intentions to limit its interventions to three sectors plus budget support only in Mozambique.

Information management was weak in the Embassies in Maputo and Lusaka in the early years of the period evaluated, as there were few reviews or evaluations undertaken. In Mozambique, the situation improved over time. In both Mozambique and Zambia, project and programme management systems were found to have been inadequate, as financial irregularities were discovered. This resulted in funding for the forestry programme ending in Mozambique.

The guidelines provided by the Department for Development Policy were found not to have been sufficiently practical to provide clear instructions on programme implementation. The Mozambique and Zambia desks in the Department for Africa and the Middle East were not adequately staffed, which impeded programme efficiency.

There were also problems with staffing in the Embassy in Maputo, where posts remained unfilled for long periods. The LCF was suspended in Mozambique in 2010, as the post of LCF coordinator was not filled.

The case study on the **IKI instrument** was specifically tasked with assessing the efficiency of the instrument as part of the evaluation against DAC evaluation criteria. The case study report observed that there was no solid data to determine whether the IKI instrument and projects were efficient. Benefits could not be expressed in economic terms. MFA staff perceived costs to be high, despite the useful role and contribution assumed by the Facilitation Consultant (FC).

The study also found that the organisational set-up for the preparation, review and approval of IKI projects was relatively elaborate, given the small size of the projects. The involvement of many senior level MFA staff did not enhance internal complementarity of the instrument. The study questioned the arrangement by which small project proposals such as the IKI ones were reviewed by the Quality Assurance Group (QAG) and that all proposals exceeding € 200.000 required approval by the Minister.

According to the study, the FC assumed useful and highly appreciated responsibilities for the administration of the instrument at a relatively low cost. However, the FC could have been given more substantive responsibilities related to the design, management, and monitoring and (self-)evaluation of IKI projects.

The selection process of Finnish agencies was found to have been mostly appropriate and thorough. However, as observed by the State Audit Office, no mechanisms were in place to assess in which cases the exemption from competitive bidding might give selected agencies an undue advantage over private sector organisations offering similar services.

The larger share of Finnish project budgets was allocated to the technical assistance services provided by Finnish agencies. The agencies charged their services to the MFA at the level of commercial consultancy fees. In some cases, IKI funding was used to supplement budgets of these organisations that had been affected by budget cuts.

The smaller part of Finnish funding was for training, travel and equipment in partner organisations. Costs for counterpart staffing and operation and management in partner organisations were not documented.

Benefits were documented for partner organisations, albeit not in economic terms, but through reporting on results in terms of accrued capacity development. What Finnish agencies learned from partner organisations was not documented.

Despite these shortcomings, and although key elements to confirm efficiency were lacking, the study found that the IKI instrument produced intangible benefits as a result of external complementarity, both for Finland and the partner countries, in terms of capacity development and opportunities for good international relations based on goodwill and mutual respect.

The **NGO case study** found that there was almost complete consensus among contacted NGOs and Embassy staff about increased NGO-related complementarity leading to efficiency gains. All 11 of the sampled organisations that responded to the survey questionnaire for selected Finnish NGOs held this opinion.

In addition, it was a commonly-accepted argument that NGO-assistance per se was more efficient, due to the added value from the NGOs' own financial and human resource contributions. Finland's development co-operation through the NGO instruments required a level of self-funding at 15% for project grants (7,5% cash and 7,5% in-kind, with a preferential rate of 7,5% for projects on disability). This level of required self-funding was similar to other Northern European "like-minded" donor countries – for example, 25% in the Netherlands, and 10% in both Norway and Sweden. No NGO self-funding is required in Denmark.

Most NGOs that responded to the survey stated that they brought additional voluntary resources into the implementation of their projects. However, the survey also indicated that this contribution was limited to the required self-funding for the majority of development NGOs (Section 4.1.2).

The evaluation identified only a few examples of efficiency gains materialising. The administration of Finnish NGO support through different instruments and structures without well-established co-ordination mechanisms was likely to impact negatively not only on the level of complementarity, but also on efficiency. The OECD-DAC Review found that the existing mechanisms for NGO support – especially the small and medium-size grants through calls for proposals – created significant burdens on the Ministry (OECD-DAC 2012, 50), compounded by inadequate staffing due to MFA austerity measures and by lack of adequate information to Embassies about Finnish NGO and INGO support.

While increased complementarity was expected to enhance efficiency, such gains were reduced by the present regime for NGO support and the high geographic fragmentation of NGO support. The MFA regime for NGO support was found not to favour complementarity, due to: a) the lack of easily available and up-to-date information about the content of the NGO instruments – making it difficult to have an overview and manage them; b) insufficient management and administrative guidelines for the NGO instruments on how to apply complementarity in practice; c) ineffective communication and co-operation procedures between the MFA NGO Unit, other MFA units and Embassies that are involved in the management of the various NGO instruments.

**In conclusion,** the case studies found that Finland's policies and implementation modalities related to development co-operation did not foster efficiency gains that could convincingly be attributed to complementarity.

In Mozambique and Zambia, initial gains through the Paris Declaration mutual accountability framework tended to diminish towards the end of the period evaluated. EU and Finnish intentions of achieving a greater division of labour, by limiting the number of sectors to three plus budget support for each donor, materialised only in Mozambique.

The IKI instrument involved relatively high costs in terms of expenditure for Finnish expertise and administration in the MFA, despite a comparatively advantageous use of an FC. However, benefits accruing to partner organisations in terms of intangible goodwill in international relations could not be measured in economic terms. Since the IKI instrument largely acted in isolation from other instruments of Finland's development co-operation, there were no gains resulting from internal complementarity.

The general perception that NGO co-operation was efficient by itself and also benefited from complementarity needed to be tempered in light of the facts that MFA administration lacked well-established co-ordination mechanisms and there was high geographic fragmentation. There was also insufficient guidance, information management and communication between stakeholders.

### 6.3 Sustainable results

In addition to the expectation that complementarity would allow for efficiency gains, the ToR also state the assumption that complementarity would be a major conduit to development results. At an earlier stage (see 3.1), the complex relationship between ODA and development effectiveness was highlighted. The four High-Level Forums organised by the OECD created instruments and mechanisms to ensure and measure aid effectiveness. However, the Busan Outcome in 2011 recognised that the role of ODA needed to be considered along with other processes that were important for development effectiveness – for example, South-South co-operation, trade, investment, transfer of technology, enterprise level interaction.

The review of Finland's policy documents (MFA 2004; 2007; MFA 2012a) undertaken for this evaluation showed that Finland actively supported the aid effectiveness agenda as a follow-up to the Paris Declaration and the Accra Agenda. Complementarity was thereby sought with partner countries – acknowledging their ownership and leadership – and with other donors (notably within the EU context), as well as with the private sector and civil society. In the 2012 policy document (MFA 2012a), there was no reference to potential new partnerships – such as with increasingly major players in developing countries through, for example, South-South and triangular co-operation. Finland's development co-operation has therefore been very much grounded in the traditional paradigm of aid effectiveness.

Within this paradigm, Finland's policies – at least since 2004 – have emphasised that development co-operation comprised several development instruments, each of which possessed their special competencies, and which were complementary and mutually reinforcing. The 2007 policy maintained the emphasis on coherence and complementarity, but also called for new and innovative financing mechanisms to complement traditional co-operation modalities. This resulted, *inter alia*, in the creation of the IKI instrument, and a new impetus to support to NGOs and the private sector. By 2012, there was a perception in the MFA that Finland's development co-operation was rather fragmented. This led to a new emphasis on coherence and complementarity in the 2012 policy document (see 4.2).

All case studies of this evaluation attempted to explore the possible links between complementarity and development results. In both **Mozambique and Zambia**, a substantial proportion of Finland's programme was allocated to GBS, which was designed to decrease poverty, among other objectives. The main lessons drawn from both case studies was that increased complementarity was effective in achieving results when there was strong government ownership, and if the objectives of the government and co-operating partners were aligned. The case studies did not report on significant benefits in terms of development results accruing from internal complementarity of Finland's development co-operation instruments – for example, with NGO or IKI co-operation.

In **Mozambique**, an evaluation of GBS from 1996 to 2004 concluded that this support had assisted in strengthening harmonisation among donors and in alignment with Government of Mozambique (GoM) systems. GBS increased resources to the state budget, and hence expanded public expenditure. It also strengthened planning and budgeting systems and processes (Batley, Bjørnstad & Cumbi 2006). More recently, however, there were concerns expressed about the slow progress made towards reducing poverty and strengthening service delivery in Mozambique. These concerns were the main reason why Finland considered withdrawing from GBS in 2012. On the other hand, the Embassy noted that GBS had provided essential funding to priority sectors and a forum to conduct political dialogue with the GoM. However, the large number of donors and the bureaucratic working group structure and decision-making process were very cumbersome, which placed a heavy workload on the donors.

In **Zambia**, the policy interests of donors in health and education converged with a broadly similar perspective of GoZ on sector objectives and strategies. This led to more financial resources being channelled to these sectors, and to the promotion of policy improvements through a harmonised and aligned dialogue. In contrast, in agriculture, the objectives of donors and GoZ diverged, and fewer satisfactory results were achieved. Additionally, funding through GoZ institutions and systems tended to slow down implementation, due to capacity issues.

The **IKI** case study concluded that efforts to achieve external complementarity between Finnish agencies and partner organisations produced expected outputs, but

that results at the outcome level – that is, in terms of organisational changes and effects on the institutional level – were not well documented, given the shortcomings in design, reporting, monitoring and evaluation.

IKI project outcomes will only be sustainable, if they are adequately embedded in the organisational set-up and management of partner organisations, with due consideration for the political context. This was not ascertained systematically enough in the design and implementation of older IKI projects.

Factors favourable to sustainability were found to be significant counterpart contributions provided by partner organisations, and limited operation and maintenance costs because of the small size of physical infrastructure components of the projects. The evaluation estimated that a level of realism needed to prevail as to what impact could be expected from such small interventions and after the short time-span of the instrument's existence. There was evidence that many IKI partner organisations served the public well, and also achieved improvements in the livelihoods of target beneficiaries. It was less obvious to what extent this could be attributed to the IKI projects.

Since IKI projects largely acted in isolation from other forms of Finland's development co-operation, no development benefits were reported arising from internal complementarity.

The **NGO** case study reported that the objective of strengthening civil society in partner countries, which was at the core of the 2010 NGO policy (MFA 2010c), was not adequately achieved. Most of the supported Finnish NGOs, and also the LCF facility, contributed to enhancing the functional capacity of NGOs in partner countries. However, the achievement of the objective of strengthening civil society requires action beyond funding or capacity development of individual NGOs or CSOs towards supporting systemically the civil society sector. The Finnish NGO co-operation focused mainly on funding or capacity building of individual NGOs.

The 2010 NGO policy also listed a number of different roles and tasks of NGOs where they complement the overall development policy. Most of these roles broadly related to promotion of human rights, democracy and governance. NGOs were considered more suitable to promote various aspects of human rights and governance – such as the promotion of civic education, monitoring of the state (democratic control), social accountability, citizens' participation, and the rights of vulnerable groups.

Human rights and governance issues were prioritised under the LCF instrument, and in the support from the Foundations, as KIOS focuses on human rights and Abilis on promoting the rights of people with disability. A number of Finnish-supported LCF grantees implemented projects in this area, including election monitoring, legal aid, social accountability, and rights of vulnerable groups such as children and women.

NGO promotion of human rights was challenged by growing restrictions for the NGO operating environment in many partner countries, often targeted on human

rights interventions. As an example, government restrictions resulted in a shift away from human rights in Ethiopia, where the LCF focus area shifted to economic empowerment.

Another special value of the NGO development support, emphasised in policy documents, was the direct link that it creates between Finnish civil society and those in partner countries. Such links were expected to increase the Finnish people's awareness of conditions in developing countries and strengthen public support for Finland's development co-operation. In Finland, there is currently high support for development co-operation. According to a survey, 85% of the population were in favour of aid. However, it was not possible to establish how much of this support was attributable to NGO co-operation.

**In conclusion,** evidence from all case studies showed that external complementarity with partner countries and the traditional donor community had positive effects on the achievement of development results. There is less evidence that there was significant internal complementarity between different forms of Finland's development co-operation.

In Mozambique and Zambia, GBS and sector support was more effective when national governments assumed ownership and leadership, and when development partners were in agreement with each other. Finland, along with other donors, found it difficult to maintain its commitment at the same level during the period evaluated.

IKI project interventions were effective at the output level, but there was not enough consideration of contextual factors to demonstrate results at the outcome level, as well as sustainability and impact. As the IKI instrument acted largely in isolation from other forms of Finland's development co-operation (e.g. country programmes), development results did not benefit from internal complementarity.

Capacity development in developing countries resulting from NGO co-operation occurred in individual NGOs. This was in accordance with Finnish NGO policies, and also policies on human rights and good governance. There was no complementarity with broader policies aimed at a strengthening of civil society. NGO promotion of human rights was challenged by growing restrictions for the NGO operating environment in many developing countries.



## 7 CONCLUSIONS

### 7.1 Context of Finland's development policy and co-operation

#### 7.1.1 *International development context*

1. During the period evaluated (2004-2012), Finland's development policy and co-operation evolved in an international context that increasingly recognised the importance of national ownership and leadership of developing countries for their own development. In the international discourse, the emphasis shifted from the aid effectiveness paradigm that was at the core of the 2005 Paris Declaration. The broader understanding, expressed in the 2011 Busan High-Level Forum Outcome Document, is now of multiple forces at work to achieve development effectiveness. This shift was not sufficiently reflected in Finland's policies and implementation modalities.

The evaluation found that Finland's development policy and co-operation still, to a large extent, adhered to the traditional aid effectiveness paradigm of the 2005 Paris Declaration. The international discourse increasingly recognises that ODA is not the single most important driving factor for development effectiveness in developing countries. Their governments and non-state actors increasingly affirm their authority and capacity, and thereby reshape their relationship with traditional donor countries. This had already been acknowledged as a challenge in the 2002 Monterrey Consensus, and was fully confirmed in the 2011 Busan Outcome.

In Finland's development policies and practice, there was relatively limited attention to the new dimensions of coherence and complementarity involving broader partnerships, including South-South and triangular co-operation. This also has implications for potential partnerships with new sources of financing and assistance to developing countries – including from “emerging donors” such as Brazil, China, India, South Africa. Even the 2012 Development Policy Document mainly seeks complementarity with partner countries – acknowledging their ownership and leadership – and with other donors, notably within the EU context, as well as with the private sector and civil society. The growing recognition of non-state actors in Finland's development policy and co-operation is one dimension that does echo a corresponding shift in emphasis in the international discourse.

#### 7.1.2 *Budget austerity*

2. The decrease in the financial envelope for development co-operation, as from 2014, means it is necessary either to make hard choices and abandon certain types and instruments of aid or make better use of existing resources for multiple purposes. This could also present new opportunities to make aid more efficient and more complementary.



The Finnish Government in place at the end of 2012 envisaged a certain degree of budget austerity that would decrease overall spending on development co-operation, to the extent that the goal of reaching 0,7% ODA of GNI by 2015 would not be reached (see 4.2).

One particular effect of budget austerity in Finland was in the area of human resources in the public sector. The MFA in particular, both in Helsinki and in the Embassies, underwent severe cuts in staffing, with short-term technical staff having to fill gaps. The shortage and instability of human resources, combined with inadequate systems to ensure an institutional memory, represented a challenge to the coherence, complementarity and effectiveness of development co-operation. The challenge could also present new opportunities to streamline the development co-operation system.

## 7.2 Policies and guidelines

**3. Finnish policy documents and multiple guidance documents concerning different channels and instruments of development co-operation did not contain a consistent and comprehensive conceptualisation of complementarity. External complementarity was explained better than internal complementarity. As a consequence, internal complementarity was not well understood in the MFA and by other stakeholders.**

In 2004, 2007 and 2012 policy documents, complementarity was generally referred to as a principle, but the concept was not defined in any detail. The concept was often implied indirectly in references to related concepts – for example, coherence, co-ordination and co-operation. Likewise, guidance documents lacked consistent and explicit explanations of complementarity. The best references and instructions were those concerning relations between Finland and partner countries, as well in the multilateral and EU contexts. In this context, Finnish policies and guidelines echoed UN, OECD and EU frameworks and agreements.

Internal complementarity between the various channels and instruments of Finnish aid received relatively little attention. For example, the 2012 guidance to country strategies did not contain strict requirements on how NGO support or the IKI instrument should be complementary to mainstream bilateral co-operation. Likewise, there was no guidance on how multilateral co-operation would complement bilateral aid, or how private sector support might complement both these types of co-operation.

The lack of conceptual clarity explains why MFA staff and external stakeholders (e.g. Finnish NGOs or IKI agencies) interpreted complementarity in different ways in interviews and surveys conducted for this evaluation, and why internal complementarity in particular was found to have been achieved only somewhat

## **7.3 External complementarity**

### **7.3.1 *Global and regional levels***

**4. Finland has consistently been committed to multilateralism and the belief that international norms and development goals on good governance, human rights, gender equality, protection of vulnerable groups and a sustainable development for all need to be promoted and supported. Finland's contributions to international agenda-setting – in the context of the UN, the OECD and the EU – are broadly recognised, and successfully complement efforts of other countries and development actors. However, the engagement with emerging development partners remained limited.**

In the external context, Finland is perceived as being a consistent, coherent and, above all, reliable partner. Finland has sought to determine what could be the “Finnish Added Value” – that is, bring to the fore the expertise and resources in which Finland has a comparative advantage, and which would be most useful for partners in development. has allowed for a relative focus on specific areas of expertise – such as good governance, human rights and gender equality, the sustainable use of natural resources (e.g. forestry and water management), and information technology. The concept of “Finnish Added Value” was not only important in the global and regional context, but permeated all levels of development co-operation.

At the same time, the growing importance in the international arena and in the developing world of countries such as Brazil, China, India and South Africa was barely reflected in the theory and practice of Finland's development policy and co-operation.

### **7.3.2 *Level of partner countries***

**5. Finland's development co-operation at country level is mindful of the need for strong alignment with national development policies and strategies of partner countries, and for optimal co-ordination and division of labour with other donors in the OECD and EU contexts. In recent years, it has become more challenging for Finland (and other development partners) to maintain the discipline of the mutual accountability framework agreed under the Paris Declaration and to make progress in EU joint programming.**

Although committed to the principles agreed under the Paris Declaration, Finland and other donors found it increasingly difficult in a number of developing countries to justify General and Sector Budget Support, and to make use of national administrative and financial systems. This was partly due to shifting priorities in partner countries, but also to concerns about good governance and accountability. As a consequence, Finland reverted more and more to project aid, with resultant challenges to coherence and complementarity and also aid efficiency.

In some partner countries, EU member states seem to pursue different interests and agendas. Implementation of the EU Joint Programming Initiative, which was a follow up to the 2007 EU Code of Conduct on Complementarity and Division of Labour, was still at an initial stage in 2012. Given the slow pace of the EU Joint Programming Initiative, Finland's participation in the process did not make it superfluous for Finland to develop its own country strategies for the period 2013-2016.

## **7.4 Internal complementarity**

### **7.4.1 *Multiple channels and instruments***

**6. For a relatively small donor country, Finland uses a multitude of channels and instruments to deliver its aid to a large number of developing countries. The variety and diversity found in the delivery modalities reflect a range of value-based, technological and commercial concerns and interests that exist in Finnish society and in the Government, as well as reflecting personal preferences held by individual Ministers. The challenge to make all these aid modalities complementary to each other was only partially met, as most of them acted in isolation from each other and without adequate internal co-ordination mechanisms.**

Other studies and evaluations (e.g. Caldecott *et al* 2012d; Koponen, Suoheimo, Rugamamu, Sharma & Janner 2012 – see 5.1.1 and 5.1.3) drew attention to the evolution of Finland's development co-operation between 2004 and 2012 and the multiple forces shaping this co-operation and its implementation. Over the course of time, development policy and co-operation has had to address diverse concerns and interests. The current budget austerity (see conclusion 3) would normally require hard choices to be made, and that certain channels and instruments would have to be abandoned. As this apparently is not possible, Finland's development policy and co-operation needs to become more coherent, and its different parts more complementary to each other.

The lack of conceptual clarity and guidance concerning complementarity, as well as the organisational culture favouring silos and firewalls, explains why there is little evidence of internal complementarity between the various channels and instruments of Finland's development co-operation. The initiative developed in 2012 to develop country strategies for long-term countries was a first step towards more coherence and complementarity. However, failure to fully integrate forms of development co-operation administered by the MFA in Helsinki – for example, most of the NGO co-operation and the IKI instrument – was a lost opportunity.

## **7.4.2 Organisation of the administration of Finland's development co-operation**

**7. The high degree of centralisation of review processes and decision-making on appropriations in the MFA favoured external complementarity, but did not translate into increased internal complementarity between the various channels and instruments of Finland's development co-operation. A significant amount of senior staff time was spent on ex-ante reviews of proposals, while mechanisms for ex-post oversight of compliance with policies and guidelines by geographic departments and units, as well as by Embassies, were found to be relatively weak.**

Finland has consistently pursued an integrated policy framework for its external relations, combining foreign policy with development co-operation and foreign trade. Throughout the period covered by this evaluation, the MFA was headed by a number of Ministers (see conclusion 2).

As indicated in section 5.1.3, the operative implementation of development co-operation was the responsibility of geographic departments and units, which was supported by a strong advisory role assumed by the Department for Development Policy, the Development Policy Advisory Group and the Quality Assurance Group (QAG). Decision-making on appropriations was rather centralised, as all project and programme proposals of more than € 200,000 needed to be approved by the Minister for International Development. Devolution to the Embassies was limited to the administration of small LCF grants.

The high degree of centralisation of decision-making made it necessary for relatively senior staff in the MFA to be involved in the review process even of small projects and programmes by participating in the QAG. As a result, dimensions of external complementarity were relatively well addressed in advice and decision-making. However, among MFA staff, there was much less of a mind-set in favour of internal complementarity between the various channels and instruments of Finland's co-operation – many of which were therefore implemented in isolation from each other. The practice was ex-ante reviews and decision-making even of relatively small appropriations. Heads of geographic departments and units, and particularly Embassies, were not empowered to take decisions by themselves.

The challenge of coherence of Finland's foreign policy and the need for internal complementarity in development co-operation was sometimes more strongly recognised by staff assigned to Embassies. However, the low level of devolution of responsibilities to Embassies prevented them from becoming a driving force for internal complementarity.

### **7.4.3 Co-operation with other institutions in Finland**

**8. Finnish governmental and non-governmental institutions engaged in development co-operation (e.g. agencies implementing IKI projects, NGOs, the private sector) need to comply with Finland's development policies, guidelines and procedures to be eligible for funding from the MFA. These requirements need to be balanced with the independence and right of initiative of these institutions. Complementarity would be a useful concept in this regard.**

Finland's development co-operation involves many strong organisations in Finland, including specialised government agencies (e.g. those implementing IKI projects), NGOs, private sector firms, and also universities and other institutes of higher education. These organisations have income from other sources, broad mandates and expertise, as well as their own international networks. MFA funding may actually represent a relatively small share of their overall resource base. Notably, NGOs have deep roots in Finnish society and wield considerable political influence.

Under these circumstances, the MFA needs to engage with these partners with a certain degree of circumspection and avoid imposing too-strict conditionalities to its funding. Complementarity is a convenient concept in this context. The challenge is to identify mutual benefits, such as how IKI or NGO projects can benefit from mainstream bilateral or multilateral co-operation and *vice versa*. Different actors can recognise potential gains in terms of effectiveness and efficiency. Evidence from this evaluation suggested that most organisations consider that the advantages arising from internal complementarity outweigh possible disadvantages.

## **7.5 Accountability, information management and communication**

**9. During the period evaluated, the MFA's independent development evaluation function published credible evaluation reports, containing valuable information to assess complementarity. It also established a system within the MFA to ensure that recommendations emanating from independent evaluations were acted upon. This relatively onerous approach to ensure accountability and learning has not yet been matched by sufficiently widespread monitoring and evaluation practices at the operational level of country programmes and the IKI instrument.**

Much of the evidence for this evaluation was drawn from major thematic or country programme related evaluations, which were found to be of high quality and useful for the assessment of various dimensions of complementarity. Conclusions of these evaluations were well disseminated among staff of the MFA, and recommendations were generally acted upon. The evaluation function was found to have made an important contribution to accountability and learning in the MFA.

In contrast, monitoring and evaluation at the operational level was found to be rather weak. The country case studies and the IKI study suffered from the limited monitoring and evaluation that emanated from projects and programmes. New guidelines (e.g. on bilateral co-operation) contain more stringent requirements for monitoring and evaluation, and also for reporting. This approach could be expected to be useful in complementing the independent evaluation function.

**10. Information on the various channels and instruments of Finnish aid – notably on the IKI instrument and NGO co-operation – was highly fragmented and in some cases incomplete. It was also not communicated well externally and internally. The absence of transparent information management and communication systems is an important factor in explaining shortcomings, especially in internal complementarity.**

Information related to the IKI instrument was highly fragmented and difficult to access, both for internal stakeholders and for the public at large. There was only a very limited website, and no comprehensive published report concerning the IKI instrument. Aggregated reporting was limited to internal quarterly and annual internal reports, prepared by the Facilitation Consultant (FC). In addition, the FC prepared an internal report covering activities between 2008 and 2012. This document contained some vital statistics and recording of improvements operated to the instrument during this period. However, it cannot be considered to be a fully-fledged account of results achieved and lessons learned. The accountability of the instrument also remained limited, due to weaknesses in substantive reporting, and monitoring and evaluation, of projects.

As far as the NGO instruments were concerned, there was little accurate, readily-available, consolidated and/or specific, information about the content of the three NGO instruments. It required substantial efforts by the evaluation team and the relevant MFA units to develop an overview of the content of the NGO instruments over the period evaluated. After this research, some uncertainty still prevailed. With regard to the NGO instrument, the MFA sources – including the website – provided a country and NGO overview, but did not provide consolidated information over a period of time. For the INGO instrument, the website did not provide information about the specific content. With regard to the LCF instrument, only recent grant allocations were usually covered on Embassy websites.

Embassy staff attempted to map the NGO activities in the countries covered, but faced challenges related to: the number of involved Finnish NGOs; finding adequate information about the other instruments, including LCF grants at other Embassies; and keeping themselves updated on the evolving body of NGO-related policies, strategies and guidelines. Also, NGO staff had only a sketchy picture of the contents of the other instruments.

## 8 RECOMMENDATIONS

The recommendations based on conclusions in this synthesis are presented in four clusters:

- Policies and guidelines (recommendations 1 and 2)
- External complementarity (recommendations 3 and 4)
- Internal complementarity (recommendations 5 and 6)
- Accountability, information management and communication (recommendation 7 and 8)

All recommendations are at the general level and addressed to the MFA. However, a distinction is made between different time frames for implementation of the recommendations.

### 8.1 Policies and guidelines

#### Recommendation 1: Policies

**Finland's 2012 Development Policy Programme (MFA 2012a) needs to be accompanied by a policy document that clearly defines external and internal complementarity. It should reflect changes in the international development context, as well as the need to maintain multiple channels and instruments in Finland's development co-operation, in the face of required budget austerity.**

Based on conclusions:  
**1, 2, and 3**

Time frame for implementation:  
**Short and medium term**

There is a need to update the broad notion of policy coherence for development, contained in the 2012 Development Policy Programme, with a more explicit and precise conceptualisation of external and internal complementarity. This should spell out clearly how Finland intends to respond to international and national challenges for its development policy and co-operation. Policies on internal complementarity are in greater need of updating than those on external complementarity.

#### **Operationalisation:**

- The Department for Development Policy in the MFA should set up a working group/forum, with internal and external stakeholders, to reach consensus on a policy guiding external and internal complementarity.
- Relevant OECD and EU policy documents, as well as the outcome of the present evaluation, should be taken into consideration in the elaboration of a policy on complementarity.
- The new policy could be published as a Government Decision-in-Principle or as a supplement to the 2012 Development Policy Programme.



## Recommendation 2: Guidelines

<b>In accordance with the new policy on complementarity laid out in the new policy document (see recommendation 1), the MFA needs to update its body of manuals and guidelines for development co-operation – for example, the Manual for Bilateral Programmes (MFA 2012b) – and country strategy guidance. It also needs to update guidance documents on NGO co-operation, the IKI instrument, and private sector support instruments.</b>	
Based on conclusion: <b>3</b>	Time frame for implementation: <b>Short and medium term</b>
The process of revision of guidance documents, started in 2012 in response to several evaluations and reviews, should be pursued. It should contain more explicit incorporation of requirements and guidance on how complementarity between the various channels and instruments of Finland's development co-operation, as well as with external stakeholders, can be achieved and maintained. Attention should be given to how these requirements can be enforced, and how compliance can be monitored and evaluated.	
<b>Operationalisation:</b> <ul style="list-style-type: none"><li>• Revision of manuals and guidelines, under the leadership of the Department for Development Policy in the MFA.</li><li>• Review of revised manuals and guidelines.</li></ul>	

## 8.2 External complementarity

### Recommendation 3: External complementarity at global and regional levels

<b>Finland should maintain its engagement with global and regional frameworks and forums (e.g. the UN, OECD and the EU), based on the recognition of Finnish Added Value and on principles of good governance, human rights, gender and social equality, and climate sustainability. It should also lobby within the international community for stronger engagement in dialogues on these issues with emerging development partners (e.g. Brazil, China, India and South Africa).</b>	
Based on conclusion: <b>4</b>	Time frame for implementation: <b>Short and medium term</b>
Despite challenges in various international forums to reach consensus on vital social, economic and environmental issues, Finland should maintain its constructive and reliable contribution, taking into account its own value-based, technological and commercial concerns and interests. Finland could play a more prominent role in the stimulation of dialogues on development issues with development partners outside the traditional donor community.	



**Operationalisation:**

- The MFA should maintain sectoral and thematic expertise on the basis of the 2012 Development Policy Programme, with a view to making high-quality contributions in international forums.
- Links with specialised agencies and institutions should be maintained and possibly strengthened.
- The MFA should maintain adequate levels of staffing in missions to multilateral organisations.

**Recommendation 4: External complementarity at the level of partner countries**

**Finland should continue to implement the results-based country strategy process in long-term partner countries, initiated in 2012. It should strengthen this by enforcing adherence to the limitation to three sectors, plus budget support, in all of these countries, by acting in unison with other donors on General Budget Support (GBS) and Sector Budget Support (SBS), and by better integrating forms of co-operation administered by the MFA in Finland (e.g. NGO co-operation and the IKI instrument administered by the MFA). Finland should also remain engaged in the joint programming initiative of the EU.**

Based on conclusion:

**5**

Time frame for implementation:

**Short and medium term**

Despite some challenges to maintain the momentum in Paris Declaration mutual accountability processes, and also to achieve joint programming among EU member states, Finland should – whenever feasible and appropriate – adhere to agreed good practices. This should include interventions being limited to three sectors – based on Finnish Added Value – plus budget support. On GBS and SBS support, Finland should as much as possible act on the basis of a consensus with other donors. NGO co-operation administered in Finland and IKI projects should be better integrated in country strategies.

**Operationalisation:**

- The MFA should ensure adequate staffing in regional departments, and country desks, as well as in Embassies of Finland in developing countries to maintain active dialogue with partner countries and other donors.
- The MFA should develop and maintain a database on all forms of Finland’s development co-operation intervening in long-term partner countries, including all forms of NGO co-operation, IKI projects, private sector support, and regional programmes.
- Embassies should be represented in meetings related to all forms of Finland’s development co-operation in the long-term partner countries (e.g. on the boards of IKI projects).
- Embassies should lobby with partner country governments, and in the donor community, for emerging development partners to be invited to meetings concerning development co-operation.

**8.3 Internal complementarity**

**Recommendation 5: Organisation of the administration of Finland’s development co-operation**

**To the extent that policies and guidelines create greater clarity on requirements for internal complementarity (see recommendations 1 and 2), the MFA needs to consider decentralising review and decision-making on appropriations of less than € 500.000 to operational levels of the MFA and Embassies, as appropriate. At the same time, it should strengthen the Department for Development Policy’s ex-post oversight of implementation to ensure compliance with these requirements.**

Based on conclusions:  
**6 and 7**

Time frame for implementation:  
**Medium and long term**

The MFA needs to reconsider the current practice whereby all project proposals of more than € 200.000 in value need to be reviewed by the QAG, and that the corresponding appropriations need to be approved by the Minister. This notably affects the IKI instrument. The types and levels of appropriations at decentralised levels need to be determined through an organisational management review. The review should also recommend how ex-post oversight by the Department for Development Policy can be strengthened.

**Operationalisation:**

- Conduct an organisational management review of the feasibility of decentralised review and decision-making on small and medium-sized appropriations for development co-operation by heads of geographic departments and Embassies. Also, strengthen ex-post oversight by the Department for Development Policy.
- The review should take into account relevant practices of other OECD aid agencies.
- The MFA should establish an internal working group to review recommendations of the organisational management review.
- Re-organisation of the MFA, by decision of the Government.

**Recommendation 6: Funding of independent Finnish institutions engaged in development co-operation**

**When providing funding to independent Finnish institutions engaged in development co-operation (e.g. other government agencies, NGOs and private sector organisations), the MFA should explore new ways of promoting complementarity with mainstream bilateral and multilateral forms of aid.**

Based on conclusion:

**8**

Time frame for implementation:

**Short and medium term**

The MFA should collaborate with independent Finnish institutions, outside the MFA, that are engaged in development co-operation. This collaboration should aim to identify mutual benefits arising from co-ordination and complementarity between mainstream co-operation, on the one hand, and specific projects and programmes implemented by these institutions, on the other. Examples of benefits for mainstream development co-operation would be having access to specialised technical expertise or a better outreach to grassroots communities. Technical agencies and NGOs may both see benefits from increased political support provided by the MFA and the Embassies. The common goal should be increased effectiveness and efficiency of development co-operation.

**Operationalisation:**

- Introducing new ways of enhancing complementarity with other institutions of Finland's development co-operation will require that:
- The MFA should provide adequate opportunities for mutual consultations with implementing institutions, when reviewing existing projects and programmes and when preparing new ones.
- Complementarity aspects should be systematically included in co-operation agreements and project documents.
- Monitoring and evaluation should give specific attention to complementarity aspects.

## 8.4 Accountability, monitoring and evaluation

### Recommendation 7: Accountability

<p>As part of the strengthening of ex-post oversight mechanisms with regard to development co-operation, the MFA should considerably strengthen monitoring and evaluation at the operational level in country programmes and for the IKI instrument. At the same time, it should maintain its current strong independent evaluation function– including appropriate systems for follow-up to independent evaluations.</p>	
<p>Based on conclusion: <b>9</b></p>	<p>Time frame for implementation: <b>Short and medium term</b></p>
<p>Strengthening of monitoring and evaluation is not just to issue respective guidelines. As part of the decentralised management of development co-operation, heads of geographic departments and Embassies should require systematic monitoring and evaluation of an adequate sample of projects and programmes. Similarly, IKI projects need to be monitored and evaluated more extensively.</p>	
<p><b>Operationalisation:</b></p> <ul style="list-style-type: none"> <li>• Existing guidelines on M&amp;E in manuals and guidelines need to be implemented and possibly expanded, in accordance with new policies and guidance on complementarity.</li> <li>• The Department for Development Policy should propose appropriate monitoring and evaluation standards and procedures, in close co-operation with the unit responsible for independent evaluation in the MFA.</li> <li>• Compliance with new monitoring and evaluation requirements at the operational level should be overseen by line management.</li> </ul>	

## Recommendation 8: Information management and communication

<b>Information management concerning channels and instruments of Finland's development co-operation – including on NGO co-operation and the IKI instrument – needs to be considerably strengthened and better communicated internally and externally through comprehensive and well-organised websites, as well as through publication of periodic reports.</b>	
Based on conclusion: <b>10</b>	Time frame for implementation: <b>Short and medium term</b>
External and internal complementarity cannot be achieved without systems through which information is exchanged between different stakeholders. Modern web-based technologies should allow for transparent and up-to-date information management and communication.	
<b>Operationalisation:</b> <ul style="list-style-type: none"><li>• Revamp MFA websites and website pages, notably concerning NGO co-operation and the IKI instrument.</li><li>• Consider the creation of an MFA intranet for internal information management.</li></ul>	

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## THE EVALUATION TEAM

**Dr. Lucien Bäck (Team Leader)**, a national of the Netherlands, has been an independent evaluation specialist since his retirement from active service in the United Nations system in 2012. During his 35-year long career, he managed and implemented numerous complex evaluations at project, programme, strategy and policy levels. He is particularly familiar with capacity development activities, including capacity assessment and strategy development, as well as results-based management in public and private organisations, including public-private partnerships, privatisation, decentralisation and performance monitoring and evaluation. Major highlights of his career include: a comprehensive evaluation of co-financing between the Netherlands and the World Bank for the Netherlands Ministry of Foreign Affairs (1997-1999); numerous thematic, sectoral and country-programme related evaluations for UNICEF (1999-2006); as well as evaluations related to UN reform for the United Nations Department of Economic and Social Affairs (UN-DESA) (2006-2012). Most recently, Lucien Bäck led the secretariat of the independent evaluation of Delivering as One UN pilot experiences commissioned by the United Nations General Assembly (2011-2012).

**Dr. Ann Bartholomew (Senior Expert)** is a British macroeconomist with over 20 years of experience in the areas of public finance management, evaluation and strategic planning in health and education. She has undertaken consultancy and development work in Africa, the Pacific and Asia and has wide-ranging consulting experience covering design missions, institutional reviews, programme appraisal, reviews and evaluations, provision of economic policy advice and development of sector strategies. She has worked for a variety of bilateral and multilateral institutions, including the Department for International Development (DFID), the World Bank, the European Commission and Danida.

## ANNEX 1 TERMS OF REFERENCE

### EVALUATION OF COMPLEMENTARITY IN FINLAND'S DEVELOPMENT POLICY AND COOPERATION

#### SETTING THE SCENE

The information given in this section, at the outset of the terms of reference (TOR), is meant to facilitate the understanding of the structure of the TORs and the nature of this assignment, which is wide in scope but focused ultimately on one theme: complementarity. The evaluation tackles this theme which cuts across Finland's development policy and cooperation over the years. It is also a central element in the international frameworks and commitments dealing with development aid effectiveness and efficient use of resources.

**The case-evaluations** have been inserted in the evaluation to elucidate the implementation of the policies in vertical and horizontal dimensions. The case-evaluations will look at 1) Civil society organizations' (CSO) cooperation (= NGO -sector), including a limited dimension of Finnish NGOs that serve also in the capacity of delivering humanitarian aid; 2) the specific Institutional Cooperation Instrument (IKI); 3) and at the level of desk studies, two country programmes, those of Mozambique and Zambia. Each of the case-evaluations will result in separate reports, and in the case of Mozambique and Zambia, there will be separate desk study reports on both countries. The IKI-instrument case-evaluation serves a dual purpose, the purpose of defining the instrument's complementary qualities and also as a thorough evaluation of the implementation of the instrument as a whole, and the policy behind it, to draw lessons for future development of this and possibly alike instruments.

The policy evaluation shall be started at an early stage of the evaluation process to inform in adequate measure the case-evaluations at the outset of their work. Only the NGO- and the IKI case-evaluations will include field work. The country case-evaluations will be based on document study and interviews / questionnaires, at this stage.

The work renders itself to a team of evaluators that is organized in clusters, for example, so that the core team cluster is taking the wider policy analysis and the country case-evaluations, and two sub-clusters, one for the NGO case-evaluation and one for the IKI-instrument case-evaluation. In the end, the different sub-groups need to organize themselves so that there will be a concise synthesis of all evaluation results cutting across the case-evaluations and the policy analyses and resulting in a "Synthesis evaluation of complementarity in Finnish development policy and cooperation". The suggestion given here of organizing the work of the evaluation team is only to illustrate the components of the evaluation.

# 1 BACKGROUND

The following sub-sections offer some background to the frameworks to the concept of complementarity. The focus is, in particular, on how this concept has evolved and been nuanced in Finland's development policies, guidelines and cooperation over time and on links to the international frameworks, and their overall consideration. This evaluation is undertaken at this point of time simply because complementarity has become an increasingly important concept in efforts to improve the efficiency and effectiveness of development cooperation and the individual instruments used therein. The importance of this issue is well illustrated also by the recent joint international commitments taken in the 4<sup>th</sup> High Level Forum on Aid Effectiveness (Busan). Similarly, the Finnish development policy of 2012 seeks explicitly greater complementarity from the perspective of more efficient use of the current and future resources. The comprehensive approach chosen for this evaluation aims at drawing experiences and lessons from the past from a number of different development contexts and instruments, for the purpose of contributing to the implementation of the current policy objectives of improved complementarity and quest for innovative approaches and new thinking towards complementarity.

Complementarity as a term holds within itself the dimension of interdependence between the parties that complement each other. The term "complementarity", is not defined in the OECD/DAC Glossary of Key Terms in Evaluation and Results Based Management (2002). The Oxford dictionary of English (2005) defines complementarity as: "two people or things that are complementary are different, but together form a useful or attractive combination of skills, qualities or physical features". The Evaluation Guidelines of European Commission (EC) External Assistance (2006), defined complementarity much connected to coherence. In this evaluation the close connection between these two and their connection also to cooperation, is recognized. In the EC-evaluation guidelines (2006), the evaluation criterion of complementarity is approached from three dimensions and levels:

- (i) internal complementarity / coherence of an organization's programme;
- (ii) complementarity / coherence with development partner's policies and with other donor's interventions; and
- (iii) complementarity / coherence with other policies of the European community.

This evaluation will utilize the approaches of internal and external complementarity in terms of horizontal and vertical complementarities within these two approaches.

## 1.1 Global context

Complementarity is explicitly and implicitly omnipotent in the international frameworks relevant to effective aid. The Millennium Declaration of the United Nations (UN) of 2000, declared "shared responsibility" as a fundamental value essential to in-



ternational relations in the 21<sup>st</sup> century. Similarly, the different dimensions of working in a complementary way appear in the Paris Declaration (PD) of 2005, in the 2008 Accra Agenda for Action (AAA), and in the Busan Partnership for Effective Development Cooperation final document (Busan) of 2011. The PD, AAA, and more recently the Busan, all emphasized the necessity for the donors and the developing country partners to work together and complement each other. The 2011 monitoring of progress in the implementation of PD and AAA, however, showed that there was marked variation in compliance with this requirement among both donors and partner countries. This was observed also by the comprehensive phase II evaluation of PD, completed in 2011. Within the context of the EU, the three Cs (3-Cs: coherence, cooperation, and complementarity) have their roots in the Maastricht Treaty. A comprehensive evaluation by EC's evaluation department, was concluded in 2005 on the implementation of the 3-Cs.

## 1.2 Description of the subject of the evaluation

The overall subject of complementarity in Finland's development policy and cooperation will be looked through four entry points: the policy itself and the modalities to implement it, and how these have evolved over time, as well as the case-evaluations of NGO-cooperation and Institutional cooperation instrument (IKI), and desk-study case-evaluations of the country programmes of Mocambique and Zambia.

Some background to Finland's development policies over time in regard of complementarity and complementarity/coherence is reviewed in section 1.2.1. A brief account of complementarity in the NGO –cooperation is given in 1.2.2. Information of sectoral and other policy guidelines and action plans are included in section 1.2.3, while section 1.2.4 describes shortly the IKI-instrument.

### 1.2.1 Finland's development policies

It is of interest to look at the development policies of Finland in a somewhat longer perspective than only the time frame of this evaluation 2004-2012 (section 2), because the notion of coherence / complementarity has resided in the development policies, in one format or another, for at least two decades (1993-2012). In the following there are only brief remarks on the consecutive Finnish development policies with relevance to complementarity.

In Finland's strategy for development co-operation in the 1990s, published in 1993, one of the central themes was *interdependence* between developing and developed nations and between development and other policy areas including sectoral policies of agriculture, trade, labor etc. It was also recognized that *complementarity between actors*, bi- and multilateral, NGOs, and other instruments was important

The 1996 decision-in-principle of the government on development cooperation reiterated the concept of *mutual interdependence* but also the *mutual benefits*. Accordingly,



the Finnish cooperation was a *coherent whole* in compliance with the EU *policy coherence* requirement. Complementarity was required with a *common aid programme* drawn up by the partner country itself. All donors (multi- and bilaterals) would contribute to the common programme to complement the partners' efforts. The policy required that the Finnish cooperation instruments be used selectively and be mutually complementary.

In the 1998 development policy on relations with developing countries, the EU dimension was strong. *Coherence, coordination and complementarity* were stated to be mutually reinforcing in line with the Council resolutions of 1993, 1995 and 1997.

In the Government decision-in-principle of the 2001 on Development Policy of Finland, the programme and project aid were to be *complemented by a variety of other instruments*, including local cooperation funds (LCFs) and other NGO-cooperation instruments, which were seen as a means to *complement the knowledge base*. New ways of working with NGOs were foreseen. Also the multilateral sector was required to follow the principle of complementarity, with *clear division of labour*. *Coherence* between all fora was emphasized. To this end, cooperation between the Ministry of Finance, the Bank of Finland, the rest of the state administration, and the Ministry for Foreign Affairs of Finland, was to be intensified for better *internal coherence* (and hence complementarity) within the sphere of the national governance of Finland.

The development policy of 2004 reiterated *national commitment to coherence in all policy areas*. Accordingly, development cooperation instruments, trade and security policy, and other national policies were to be *coherent and complementary*. The achievement of these aims required improved *policy coherence between national policies, and with policies of multilateral actors, and the EU*. The development policy addressed policy coherence from a number of dimensions which are directly relevant to complementarity, for example, the security and development nexus; LCFs, and other NGO-programmes, and International non-governmental organizations (INGOs); IKI-cooperation in relation to other development instruments; among multilateral actors; and multi- *versus* and bilateral instruments; the EU and the member states. The concept behind this requirement was that *each of the development instruments possessed special competencies which were complementary and mutually reinforcing*.

In the 2007 development policy the *interdependence, complementarity, and coherence* were cutting across the policy. A leading principle was that the economic, ecological and social sustainability, the three components of sustainable development, were complementary. The policy guided Finland to promote coherence for development in the EU. It also foresaw the initiation of *new and innovative financing mechanisms to complement* the traditional development cooperation modalities.

The current, 2012, Development Policy Action Programme states that the development goals of Finland are furthered both through *financial instruments and through policy influence*. The working modalities include bilateral modalities, regional and multilateral instruments, as well as NGO-cooperation and the EU dimension. These instruments

offer also *geographical complementarity*. The wise use of Finland's cooperation instruments and channels enabled Finland to reach out widely.

The 2012 Development Policy brings strongly to the fore the need to think innovatively and devise new ways of thinking and action including in planning of the NGO-cooperation to better serve the strategic goals of the development policy and the other development instruments.

### **1.2.2 Complementarity in NGO -cooperation**

The term NGO-instrument is used here as a general expression that may refer to NGOs in the North and South, INGOs, and LCF-eligible organizations in the South. There are separate guidelines that apply each of the main categories of NGO-cooperation.

In the NGO-guidelines of the Ministry (2010), the cooperation concept is defined as “human activity or a space where people hold discussions and debates, come together and influence their society”. The guidelines follow a rights-based-approach, which has been the basis of Finland's development policies since 2004. The current development policy (2012) states that respective funding to NGO-cooperation will increase and new ways of cooperation will be devised. Subsequently, a process has been launched in the Ministry to bring about new thinking of how the civil society organisations could better complement other aid instruments.

The 2012 development policy encourages *NGOs to complement Finland's other development instruments and activities in the partner countries*. NGOs should also work together and forge partnerships with private and public sector actors, and *vice versa* – in other words, be part of the *horizontal and vertical complementarity between development actors*. A new dimension is that NGO-cooperation, which earlier was not part of the country programmes, is encouraged to focus on activities in support of the goals of Finland's development programme in a partner country, in other words, to participate in the *vertical complementarity from high political to grass-roots level*. This concept is new.

Ministry's 2010 guidelines regard NGOs as important players in poverty reduction and in the achievement of the Millennium Development Goals (MDGs). At the community level, local NGOs alone, or those working in partnership with Finnish organizations, frequently have *complementary roles to the official sector* of the country in providing services when the governmental systems lack capacity. Most frequently such services deal with health, education, social welfare, and rural development sectors.

*Complementarity with the citizens* is another important dimension of NGOs in terms of advocacy towards decision-makers and in exercising policy influence. This role is of particular importance for groups in the society that otherwise have little voice to influence, such as the marginalized groups, ethnic minorities, frequently women and girls, people with disability, people living with HIV/AIDS, or people living in socie-

ties where there are violations of human rights, and shortcomings in rule of law and democracy.

The guideline of 2010 endorses principles of PD and AAA. The NGOs are seen as conduits for a stronger focus *on complementarity and division of labour* between different actors. The AAA emphasises the independent role of the NGOs and sees them *as complementary agents to other development players*. Accordingly, the governments of partner countries need to engage in dialogue with CSOs and understand the *complementary role of CSOs to the efforts of the governments and the private sector*. *The governments, however, must be committed to work together with the CSOs.*

The final document adopted in Busan in late 2011, expresses the need to *work together* and to recognize the contribution of the NGOs and the private sector to development. Busan's final document encourages the NGOs to play their vital role in supporting people to claim their rights, in promotion of rights-based approaches, shaping development policies and partnerships, and in overseeing their implementation. The NGOs are urged to support and implement practices that strengthen accountability, and in this way, to contribute to development effectiveness. Yet, the improvement of effectiveness of aid is linked to harmonization of aid also within the NGO sector. - In the international fora, the important role of the NGOs has been recognized in connection to policy coherence in development, fragmentation of aid, and in the continuum from humanitarian aid through reconstruction to development. Finland participates in the work of the EU, OECD, and like-minded countries, to develop and enhance coordination and harmonization between the NGO sector and donor community. Finland also encourages the UN agencies and development banks to work with the NGOs.

The LCFs are administered by the embassies of Finland. These funds are available to embassies in countries that according to OECD/DAC definitions are eligible for ODA. LCF is covered by a by-law (norm) of the ministry, the latest of which is from 2009 (norm 13/2009, 5.10.2009).

The recent (2012) guideline for Ministry's support to INGOs explicitly states that the purpose to finance INGOs is to *complement the foreign and development policy instruments*. Funding decisions are made on the basis of converging policy objectives and on the high quality of development programmes of these organisations. Finland complies with the criteria of OECD/DAC in the assessment of ODA eligibility of INGOs. Support can be granted as core-funding or as specific project or programme funding. The earlier practice to consider funding proposals by INGOs was that decisions were made throughout the year. Now the new guideline includes a schematic time table for more coordinated approach. The old system that applications and INGO-support projects can be administered in different departments of the Ministry is still valid. The quality group of development cooperation serves as the actual inter-departmental body of discussion.

### 1.2.3 Other policy guidelines

There are a number of other policy guidelines and action programmes. For example, the guideline for Development and Security in Finnish development policy (2009), emphasizes the need to complement peace building and stability with development efforts. The framework policy for Western Balkans (2009) is based on three guiding principles, namely coherence, complementarity, and effectiveness. Accordingly, the development interventions support regional integration, at the same time promoting peaceful cooperation and mutual understanding within the region. Finland's Africa framework programme (2009) reflects the complementary roles of measures to support democracy, peace and stability, human rights, and development. The leading principles of the programme are coherence, complementarity, and effectiveness.

One of the rising focal areas of the International Water Strategy of Finland (2009) is to identify gaps and borderline areas in the water sector development, where complementary resources and innovative strategies are needed. Other sectoral guidelines include those of the environment (2009), forestry (2009), and agricultural and food security (2009). The Action Programme of Finland's Aid for Trade (2008) support is of particular interest as it looks at complementarity between trade / business and other development instruments. There is also a recent evaluation on Finland's support to Aid for Trade (2011), the results of which are contributing to the new Aid for Trade Action programme 2012-2015, which is currently being finalised. The national programme and guideline for Good Humanitarian Donorship (2007) is also being revised at the moment. The complementarity requirement between the humanitarian actions and reconstruction and development are crucial in situations, where societies are in distress and governments have experienced civil strife, war or devastating natural calamity. Finland has also development policy guidelines for the UN and for multilateral cooperation which are being revised.

### 1.2.4 Institutional Cooperation Instrument

The idea of cooperation between institutions was introduced in the 2004 development policy (p. 31), refined into a special institutional cooperation instrument (IKI) in the 2007 development policy document. From the outset it was defined as a *complementary instrument* to the other development cooperation modalities. The current IKI-policy is stipulated in the by-law of the Ministry (Norm 3/2010, HELM178-3). This norm does not apply to the institutional cooperation between the higher education institutions (HEI-IKI), which is also left outside the scope of this evaluation.

IKI is used to finance development cooperation between public sector institutions in Finland and in developing countries. The complementarity dimension of IKI-instrument thus expands the concept of complementarity to cover not only the instruments themselves but also to include the complementarity between different actors in cooperation.

The Ministry commissions IKI cooperation to the Finnish institution. Due to the legal status of the institutions, the competitive procurement legislation (348/2007; 321/2010) of Finland does not apply, except in defining those entities that are eligible to direct procurement. The budget of an IKI-project ranges from 50.000 to 500.000 euro. In exceptional cases, for instance, when benefits can be shared by neighbouring countries in sectors central to Finland's development cooperation in these countries, the upper limit can be exceeded.

The theory behind IKI is that official sector institutions in Finland possess significant know-how and technological knowledge that potentially can benefit institutions of developing partners. Preference is given to initiatives, where the Finnish institute has acknowledged competence. IKI-cooperation must be based on expressed needs and initiative of the developing partner. In this respect the embassies of Finland have a significant role in the assessment of the eligibility of IKI-proposals.

Essentially, IKI can be said to improve the service capacity of the partner organizations, product development, enhancing organizational change and development of new modalities of operation, internationalization, networking, and alike. Yet, IKI-programmes are highly focused. The project plans must comply with the logical framework and results-orientation. IKI can support a bilateral intervention implemented in a country, but it needs to have clear objectives, activities, and results of its own.

A consultant has been hired to support the Ministry in the administration and follow up of IKI, although all decisions are made in the Ministry. The consultant monitors and advises on work of implementing partner institutions. The consultant has the obligation to inform the Ministry of all shortcomings or deviations that occur. It also pre-screens the project proposals and collates regular condensed reports on the projects to the Ministry. The administration of IKI-projects is delegated to the geographical departments, with a coordination point in the Department for Development Policy.

### **1.3 Some earlier evaluations**

Complementarity has been a regular criterion in evaluations commissioned by EVA-11 in the last five to six years. A comprehensive evaluations synthesis, performed on evaluations in 2010 (Evaluation report 2010:4), showed that there were weaknesses in considering or discovering the occurrence of complementarity in cooperation as revealed by the 22 wider evaluations performed from 2008 to 2010. In seven of the 22 evaluations, the criterion had been treated well or in an excellent way, in four it had not been considered at all, and there were serious shortcomings in 11 evaluations. Out of the 14 criteria used in the synthesis, complementarity ranked 11/14, meaning that it was among the poorest. Considering the development policies of Finland in the past, and the international frameworks, the poor performance of this criterion was rather surprising.

As compared with coherence, which is closely related to the criterion complementarity, the synthesis evaluation gave a much brighter image. In 17 of the 22 reports, coherence had been dealt with well or in an excellent way. In only four there were serious problems, and one regional programme evaluation had not considered coherence at all. The ranking of coherence was the second best, 2/14 after relevance that was the first. These results suggest that the Finnish development cooperation and policy depicted through the evaluation reports, had been highly relevant and coherent, but had not been particularly complementary.

The management response decision given on the results of the synthesis of evaluation, includes an overall decision that special attention will be focused in the future on those criteria that received poor ranking in the evaluation synthesis (Decision, 16.02.2011, HEL8328-15).

The NGO -cooperation has been comprehensively evaluated in the last five years. In 2008 the Partnership Organization Programme, the LCFs, the special outsourced expert service of FIDIDA, and the NGO foundations (Evaluation reports 2008:1; 2008:2, 2008:4; and 2008:5, respectively) were evaluated, while the umbrella organization for Finnish NGOs, KEPA and the INGO cooperation had been evaluated in 2005 (Evaluation report 2005:5; and 2005:6, respectively). Concerning evaluations from 2008 there are management responses, decisions, and back-reporting documentation available on the implementation of the results of the evaluations.

The Office of the Auditor General of Finland (VTV) published the results of performance audit on complementarity in Finnish development aid in 2010. The case-study countries were Mozambique and Zambia. The main dimension of this particular study was on the implementation of PD (VTV 2010). The study confirmed the results of Finland's country case evaluation in the first phase of the evaluation of PD (Evaluation report 2007:3) that Finland was politically highly committed to the principles of PD (and AAA), but there was room for improvement at the practical development cooperation level. Of the two case-study countries the VTV study (2010) concluded that the division of responsibilities between donors was fairly well advanced in Zambia, but not so in Mozambique.

## 2 SCOPE

In line with the subject of this evaluation, "complementarity", the scope of the evaluation is fairly wide. It will look at the overall development policy and cooperation of Finland, and how complementarity is depicted therein, how the measures to ensure complementarity have been instituted and how the respective responsibilities distributed and addressed at different levels. The menu of development instruments, shall be looked at, and how they have been organized, also in regard of participation of different domestic actors in Finland. The complementarity dimension with and within the multilateral support as well as Finland's role in the EU in regard of policy influence to promote complementarity will also be examined.



The special case-evaluations are:

- 1 Development policy analyse;
- 2 NGO-instrument overall and, including special case of three NGOs that are participating also in delivering humanitarian aid, as well as the INGO dimension, and LFCs, in countries that are visited,
- 3 IKI-instrument as a whole, and
- 4 country programmes of Mozambique and Zambia as desk studies, including country-level information emerging from the other two case-evaluations, as appropriate.

The evaluation will include a thorough research of document material and field visits concerning the IKI- and the NGO-case-evaluations. All components of the evaluation will involve interviews of stakeholders and institutions in Finland, and in the IKI and NGO-case-evaluations also in the countries visited.

The overall international and Finnish development policy framework will be examined through document analyses and interviews. The development policy review will be performed at the headquarters' level of the Ministry and some other line ministries and the respective inter-ministerial task forces that deal with development cooperation and that use development budget funds. Finland's policy influence in the EU and the multilateral scene will also be looked at.

The case-evaluations of Mozambique and Zambia will be limited to document study and interviews at the Ministry, with possible questionnaires to the embassies of Finland in these countries and possible other stakeholders. These two country case studies will serve also as a baseline investigation for the most recent country programmes that are being finalized by the end of 2012.

Even though a clear focus is to look at complementarity criterion from a variety of angles, the evaluation will also utilise the OECD/DAC development evaluation criteria, relevance, effectiveness, efficiency, sustainability and impact, as appropriate, in seeking answers to the evaluation questions and in assessing the value of complementarity within the context of policy and practice for more effective and results-oriented aid. Further criteria to elucidate the multiple dimensions of complementarity through the major evaluation questions (section 5), can also be devised, if deemed necessary by the evaluators.

The field visit countries to study both the IKI-instrument projects and the NGO-cooperation will be Egypt, Ethiopia, Lao Peoples' Republic, Namibia, Nepal (only NGO component), Zambia, the Caribbean region (3 countries to be defined) and South-America, Ecuador.

The major stakeholder groups involved will be civil servants of the Ministry (Ministries) in Helsinki and in the embassies of the countries to be visited and their government authorities and institutions involved in the cooperation, the staff of the

NGOs involved in Helsinki and those of local NGOs in the field, staff of institutions involved in the IKI-cooperation in Finland and in the countries concerned, possibly others identified as the work progresses. A wide range of stakeholders will be involved in the policy analyses and in the analyses of how policies work at different levels of development.

Part of the documentation has already been collected in a flash drive, but the material is incomplete. It must be complemented by the evaluation team already prior to embarking upon the inception report and work plan, as well as thereafter at the time of the desk-study phase of the different components.

The start-up meeting of this evaluation will be the first opportunity between the evaluation team and EVA-11 to clarify any issues in these ToRs or the work ahead. It is also an opportunity for the team to present their initial approach and understanding of this comprehensive evaluation task.

### **3 RATIONALE, PURPOSE AND OBJECTIVES**

#### **3.1 Rationale and Purpose**

The rationale for this evaluation is rooted in the Finnish policy goals for development and in the international commitments. Working together, partnerships, division of labour – are key words that come through when aid effectiveness, development effectiveness, and results for development are discussed. On the basis of this emphasis, it is allowed to conclude that in the development policies, there has been an assumption of a theory of change for development being in-built, this assumption being that complementarity would be a major conduit to development results.

The most recent international framework is the Busan Partnership for Effective Development Cooperation. In this international environment, it is of interest to look at our own development cooperation and modalities of operationalising it, at the different levels, to identify potentials for more effective use of available resources, better results orientation and complementarity of actions. It is also an opportune time to assess whether, and to what extent, the assumption of theory of change bestowed to complementarity, has materialised and been appropriate, and what lessons can be drawn from the past experiences. In Finland, and possibly also elsewhere in the world, the resources – either in terms of human resources to administer the development aid, or the aid resources in general, may not grow substantially in the next years to come, which makes efficiency for effectiveness and development results a reasonable goal.

The current (2012) development policy of Finland has clear commitment for policy coherence for development and complementarity of operations. Subsequently, the cooperation modalities employed by Finland are required to be complementary to each other. At this juncture, lessons from the past experience, may contribute towards materialisation of these goals.



The purpose of the evaluation is to dig into the dimension of complementarity in the Finnish development policy and cooperation, instruments and practices, including, how this dimension is taken into account in the policy level discussions at different interaction levels.

The case-evaluations have been selected so that they will offer information about how the NGO –instruments may better be used to complement other development cooperation instruments at the country level, be it multilateral or bilateral cooperation, or cooperation with private actors, and the partner governments and in advocacy for the policy goals. Currently the NGO -cooperation is not planned in connection with the country programmes. Yet, the potential of these instruments is vast, in particular, when thinking of the overall goals of Finnish development policy – reaching out to the vulnerable and the poor. The evaluation will bring about information on the vertical division of labour, from the policy influence down to the practical grass-roots level, within the Finnish development cooperation, and identify the sharing of roles in this context. Until now, complementarity has much been viewed from the dimension of *horizontal complementarity*, between “equal” players, for example, between the donors and between the multilateral and the bilateral aid programmes.

The purpose of including IKI -instrument case-evaluation in this study is two-fold:

- 1) to evaluate the instrument overall for lessons of the past experience; and
- 2) to study the materialization of the complementarity dimension of this instrument, which is in-built in the concept of IKI -cooperation.

The two country programme case-evaluation, Mozambique and Zambia have been included here, as they represent principal development partner countries of Finland that have not been evaluated since the beginning of 2000. The case-evaluation desk studies will contribute to the implementation of the new country programmes (2012) and constitute a baseline assessment to later evaluations of the new programmes. The two country programmes may also serve as the platform to study the potential of *vertical division of labour* within the Finnish development cooperation portfolio of instruments in these countries.

Potential users of the results of this evaluation are policy- and decision-makers, and aid administrators at different levels in the Ministry, in the partner countries, and in the outside stakeholder communities involved in IKI- and the NGO -cooperation. The results may also be used in the policy-level discussions within bilateral, multilateral and the EU-contexts, since “complementarity” with the assumption of it bringing value added in aid effectiveness and development results, is fairly explicit in policies at these levels.

## 3.2 Objectives

The overall objective of this evaluation is to learn from the experience to find ways to use the different policy and cooperation instruments of Finland so that they are complementary and that mechanisms to accomplish complementarity are there. The evaluation will expose the dimensions of **internal complementarity** between the actors and the instruments of Finland and the dimensions of **external complementarity** with other actors and instruments in development. Both of these levels of complementarity shall be looked through the **vertical and horizontal dimensions**. The experience-based lessons learned will be used to develop further the implementation of Finnish development cooperation and to find new innovative ways of deploying the different instruments and actors in development for better effectiveness and results.

All components of this evaluation will identify any concrete results and / or improvements of processes that can be linked to the complementarity as a factor in the achievements. The evaluation will also identify the obstacles existing and hindering complementarity being implemented.

A supplementary major objective to the IKI-instrument case-evaluation is to have an overall understanding of how it has performed during the time it has been implemented, and of the administrative arrangements pertinent to it. Thus, the IKI-component will be a thorough review of the instrument *per se*, and in particular, its in-built policy objective of complementarity.

As for the NGO-component, the evaluation is expected to bring forward innovative thinking for completely new ways of using the NGO-instruments to complement other development actors and instruments, over the boundaries of the current practices.

### Specific Objectives

The specific objectives include the achievement of

- 1 specific information of the three instruments (NGO-, IKI- and country programmes) on, how they could be planned and implemented in a way to fill in potential gaps in the vertical flow of benefits from national to the local level, and to those who are the most disadvantaged groups that are stated as major beneficiaries in the Finnish development policy;
- 2 assessment of to what extent the cross-cutting objectives can be reached through the different instruments, and how the instruments could be used in a complementary way for their achievement;
- 3 information on the practices how internal and external complementarity are considered and implemented, and how horizontal and vertical complementarity are conceptualised and featured, in the Finnish development policy and cooperation at the country programme planning level and at the level of different instruments' strategic plans and at the level of implementation.

## 4 APPROACH

The approach includes both top-down and bottom-up elements. The former includes perusal of the policy frameworks and processes, and how they flow down to the development instruments, and practical development cooperation. The approach oriented towards Finland's development policies and cooperation, although the international commitments are also featured in. In section 3.2 the terms "internal complementarity" and "external complementarity" were used to describe these dimensions.

Evaluation will involve relevant stakeholders and institutions in the Ministry and partner countries, including the relevant embassies of Finland and the local government and non-government stakeholders and institutions. The principle of participatory evaluation is applied.

Since the evaluation includes clearly separate case-evaluations, strong inter-team coordination and information sharing within the evaluation team is vital.

The work will progress stepwise so as to the former step informing the next one.

The evaluation process is sequenced:

### **Initiation:**

Pre-collection of document materials mainly in the Ministry's archives and partly from the internet (for example, EU-docs)

- 1) start-up meeting; clarification of the approach and issues in the ToR; discussion of the understanding by the evaluation team of the evaluation task

### **Inception:**

- 2) document retrieval continued, classification of the material and preliminary study of it;
- 3) inception report and work plan; discussion and possible comments by the client;

### **Desk study and interviews:**

- 4) document-based thorough desk studies of the different components of the evaluation
- 5) draft desk reports
- 5) interview plans; plans for questionnaires
- 6) interviews and questionnaires implemented

### **Field study:**

- 7) needed adjustment to the work plans for the field studies;
- 8) field studies of the case-evaluations that include field studies

### **Final analysis and synthesis of results:**

- 9) an oral presentation with power point on the major results of the field studies and the desk studies and synthesis; recapitulation of the state-of-the art of the evaluation
- 10) amalgamation of the results of the desk and the field studies of the case-evaluations;
- 11) production of the individual semi-final case-study reports, subject to comments by the client;
- 12) production of the draft synthesis report including the policy analyses, subject to comments;
- 13) production of the draft final case-evaluation reports subjected to a wider round of stakeholders' comments;
- 14) production of the final reports of the case-evaluations and the joint synthesis report and short overall policy brief.

### **Dissemination of results:**

- 15) public presentation of the results of the synthesis with power point support of the main points;
- 16) presentations of the major results of the case-evaluations with power point support, which can be organized together with the presentation of the synthesis report, or if considered necessary, earlier than that as an independent presentation;
- 17) a web-based presentation session shall also be organized to involve the embassies of the countries visited and to the extent possible, also other stakeholders and institutions involved in the evaluation in Finland and in the countries visited.

It is expected that all the deliverable reports will not be progressing at the same time at the same level of preparedness. The case-evaluation reports, in particular the NGO and the IKI-case-evaluations should be available prior to the synthesis and the policy brief, simply as the case-evaluations feed information into the other evaluation components.

At the top policy level in the administrations in Finland, the embassies of Finland and the partner countries' high-level authorities and institutions, joint interviews in mixed team composition between the IKI and the NGO-sub-evaluations, and the policy/synthesis component, must be planned whenever possible.

The Evaluation Synthesis on Complementarity, will include the main results of the case-evaluations, and an analysis of the overall national and international policies of Finland relevant to the conceptualization and operationalisation of complementarity in aid policy and cooperation. It will also draw the wider lessons learned regarding the distinct policy **assumption of complementarity** being conducive to positive change and more effective and efficient development cooperation and development results.

The Synthesis will also bring to the fore the innovative ways discovered by the case-evaluations of IKI and NGO-sectors and the desk-studies of Mozambique and Zambia country programmes.

## **5 EVALUATION ISSUES AND QUESTIONS**

Under each of the following sections, a few guiding evaluation questions are given. The evaluation team, based on their expertise and experience, will open up these questions into sub-questions and add to the questions should they consider it necessary to elucidate any dimension of the issues under study. In the assessments and analyses the evaluators will utilize the OECD/DAC and the EU's development evaluation criteria, relevance, efficiency, effectiveness, sustainability, impact, cooperation, coordination, in addition to the complementarity which is the special focal issue in this overall evaluation.

### **Cross-cutting objectives (CCOs)**

All case-evaluations will examine the cross-cutting objectives of development policy from the aspect of complementarity at the level of the interventions. The cross-cutting objectives to be included (at least) are promotion of gender and social equality, human rights (rights-based approach) and equal opportunities by easily marginalised groups, HIV/AIDS, and good governance. Other cross-cutting objectives of the consecutive development policies may be included as appropriate. Environmental and climate change-related considerations of the interventions shall also be assessed.

Some guiding questions:

- a) Are CCO -considerations present in the planning documents in terms of inclusion of specific objectives and indicators for monitoring? What are the most frequently included CCOs? What is the role assigned to the CCOs in project plans in terms of the overall objectives of interventions? Has omission of CCOs from the intervention plans been clearly justified?
- b) How do the results of this evaluation compare with the CCO -results of some of some earlier evaluations, for example, Evaluation reports 2008:1; 2; 5; 6; 2010:4? Any changes?
- c) Tools for better integration of CCOs have been developed in recent years; are administrators of cooperation aware and capable of using these tools? What are the major reasons for failure to include the CCOs
- d) Do the CCOs feature in any way in the quality assurance processes, grounds for decision-making and in the decisions made on programmes, instruments and alike?
- e) Are CCOs taken regularly up in discussions between donor and with partner governments? Is distribution of labour and complementarity regarding the CCO-themes discussed?

## CASE I

### 5.1 Analysis of policies and practices

When looking at the history of the Finnish development policy and also how the concept of mutual interdependence has developed into mutual complementarity, as influenced by international policy commitments, one must recognize the great complexity that is involved in the operationalisation of the complementarity policy. It takes time and coordinative efforts towards many directions. Yet, the actions should also be horizontally and vertically, and over longer periods of time, coherent and coordinated to produce complementarity with true impact. It is important that the evaluation looks at the Finnish efforts and **mechanisms** for the accomplishment of complementarity at different levels, the EU, the multilateral level, in Finland, and in the partner countries, at the national and local levels. The questions pertinent to this section of the evaluation, by nature of the topic, are rather process oriented, including examination of the mechanisms put in place to ensure complementarity. In addressing these levels the policy evaluation needs to inform itself also through the case-evaluations and the two country desk-studies in order for the evaluation to encompass the dimension of the local level.

The evaluation will analyse development policies of Finland since 2003 and the respective policy guidelines on bilateral and multilateral levels, EU-level; sectors and development instruments' levels, and the modalities of operationalising these policies and guidelines.

Internal complementarity:

- a) What have been the major drivers for complementarity in the Finnish development policies, and what are the mechanisms or procedures put in place to ensure complementarity of bilateral and multilateral cooperation, complementarity with special instruments, and complementarity with programmes managed through other instances than the Ministry? How does complementarity express itself between the multilateral, bilateral policies and policies and guidelines pertinent to specific development instruments, and in the decision-making?
- b) How is complementarity of development policy understood and put to practice at different cooperation levels and with the stakeholders involved? What are the mechanisms in place that ensure a mutual understanding of the policy goal of complementarity?
- c) Do the policies offer adequate guidance to implement complementarity in development? If not, why? Where are the constraints and the major opportunities to improve complementarity?
- d) What are the information exchange mechanisms?
- e) How does the selection of development instruments take into account the complementarity of actions towards development results in a country of operation?

- f) Does the staff and the out-sourced consultants that carry out the development intervention planning, document preparation, appraisals, implementation, monitoring and evaluations, understand how to translate the policy goal of complementarity into practical action and how to monitor progress? Are results reported in relation to policy objectives, including complementarity? Are the guidelines offered by the Ministry adequate and conducive to understanding complementarity as a requirement? Is relevant and adequate training available for the staff and the outsourced resources?

Policy influence for external complementarity:

- g) What is Finland's role and entry points in advocacy for complementarity at the policy level among the partner countries, the donor community, the EU, and the multilateral sectors, and in Finland?
- h) Can concrete examples of successful policy influence be identified? What have been the major contributing factors to success? What about reasons for failure?

## CASE II

### 5.2 Desk-evaluations of country programmes of Mozambique and Zambia

The questions in 5.1. are relevant to this section from the dimension of the development policies being extrapolated to country programmes and implementation in the partner countries, also reflected against coordination processes of partner governments and the rest of the donor community.

**Special note:** This sub-study will be desk study only, with possibility for interviews and questionnaires. The timing of the desk study coincides with the launching of the new country programme plans of Finland. The country programmes will be evaluated within the next 3-4 years, and therefore, this desk-study constitutes a baseline situation analyses that may bring forwards lessons on, how to improve the complementarity in the implementation and in the decision-making. The case-evaluations of the NGO-sector and the IKI-instrument, that will include field visits, will also feed information to this desk study.

Supplementary to the questions in section 5.1., adapted to the country programme level, the following questions should be considered in the desk studies of the two country programmes:

- i) What is the basis for the country programmes – how do the components of it come about? What are the mechanisms for ensuring complementarity with other donors and with the host government's own policy priorities?
- j) What is the role of the bilateral discussions and the donor coordination at country and at headquarter levels? How are the multilateral actors involved at

- the country level? What are the mechanisms used in the NGO programmes?
- k) How is complementarity monitored? What has the role of Finland been in these mechanisms? Are there any examples of concrete measures that Finland has taken to improve complementarity in the countries?
  - l) Do the cross-cutting objectives feature in any way in the complementarity context and distribution of tasks between development aid instruments at the country level?
  - m) How could vertical and horizontal complementarity be systematized so that NGOs and by the IKI-instrument could contribute to the implementation of the country programmes? Is complementarity to the country programmes a feature that features in the decisions on development research? What about decision-making in cooperation implemented through other ministries or institutions than the MFA?
  - n) Does complementarity feature, and if yes, how, in funding decisions overall?
  - o) How are the international frameworks, PD and AAA addressed in the country programmes?
  - p) Can any particular achievements be identified, where Finland has successfully influenced others and acted so that better complementarity has been achieved?

As a result of these desk analyses, a clear understanding should emerge on the mechanisms of ensuring complementarity in the country programmes in terms of bilateral projects and interventions, multilateral funding and other funding through other channels and instruments that are not typically falling in the traditional multi-bi categories. An understanding should emerge of what has been Finland's practices in her own cooperation and her role in enhancing complementarity at different levels of interaction with other stakeholders, and the partner governments.

## **CASE III**

### **5.3 Case-evaluations of IKI- and NGO -instruments**

#### **5.3.1 Common evaluation issues**

The questions and issues included in CASE III evaluations will include the desk- and field-studies.

#### **Context and operational environment**

Both case-evaluations need to perform also the respective policy and context analysis pertinent to their theme, as well as the country desk-studies, when appropriate. These analyses will accumulate information on the overall frameworks and context, and also inform of the observed enabling factors and obstacles that have been or can be expected to be faced by these cooperation instruments in respect of the policy goal of the instruments being complementary to other cooperation instruments.



Some guiding questions:

- f) Can any common denominators of either enabling factors or obstacles to the implementation of complementarity be identified in the development cooperation of the two subjects of the case-evaluations?
- g) Are the current implementation modalities and models of NGO- and IKI-cooperation conducive to compliance with the Finnish development policy, with the development policies of the partner countries, and with the international frameworks of PD, AAA and the Busan. How have these national and international principles been addressed in the plans, monitoring and reports relevant to the IKI- and NGO-case-evaluations?
- h) What could be the completely new and innovative ways of using the NGO and IKI-instruments to achieve true *vertical and horizontal complementarity*, and at the same time, improved flow of benefits from the entire development cooperation programme? – In other words, could NGO and IKI-programmes be used in a new way to fill in gaps left by other instruments, in terms of the benefits reaching out to the target beneficiaries as defined in the development policy objectives and the programme and project documents?

## CASE III A

### 5.3.2 *Specific issues to IKI -instrument*

IKI-instrument has never before been evaluated. This evaluation will serve a dual purpose as explained in section 3.1. Currently there are active IKI interventions Eastern Europe, Africa, Asia, the Pacific, in Latin America and the Caribbean. Among these interventions there are also a few regional projects.

Some guiding questions:

#### **The special value of IKI-instrument:**

- a) Does IKI -instrument as a development cooperation modality fulfill the requirement of complementing other instruments? Currently IKI has been implemented in a great number of countries mostly outside the principal development cooperation partner countries of Finland. How would you characterize the advantages or disadvantages of the current modality against IKI being “disciplined” to operate mostly in the partner countries of Finland, and being subject to programming together with the rest of Finland’s programme in these countries?
- b) Are there any needs to adjust the eligibility for IKI-cooperation for better complementarity?
- c) Is there any specific value added in this modality, which could not be compensated by some other, more conventional development instruments? Would such

value added be lost, should it happen that the geographic scope be limited or the timing of IKI-interventions planned to complement other development interventions or limitations of any such kind?

Questions by evaluation criteria:

### **Relevance**

- Do the IKI-interventions fill in a particular gap in the development plans of the partner institutions?
- How are the institutional partnerships initiated?
- How is the timing of IKI-interventions defined? Do the other development interventions of Finland or other donors feature in the definition of the IKI-interventions and the respective discussions and decisions made in the Ministry?
- Should the types of IKI-interventions be diversified so that IKI would become part of the officially agreed country programmes, complementing a special slot in there? Should there be a diversification of IKI-programmes, to those being planned within the country programme and those outside?

### **Efficiency**

- What is the efficiency of IKI-interventions? Is the price level of IKI -cooperation reasonable as compared with other modalities of development cooperation and the observed results? If not, what could be the alternatives to IKI-projects or how could the IKI be developed to be more cost-effective and results-oriented?
- Is the current operational modality justifiable in terms of achievement of the objectives of the overall development cooperation when the costs are factored in?
- How do the available resources compare with the purpose and objectives of the IKI-interventions? Could you achieve the same or more with the used resources?
- Currently the Finnish technical assistance component is high, in terms of human resources involved and also costs involved?
- Does the support consult and its role bring in some quality value added that will compensate for the costs? Is there any efficiency gains achieved by this service, and does it meet with the expectation of freeing the Ministry's or the embassies' human resources in any way?

### **Effectiveness**

- IKI-interventions are usually short and focused: does this approach bring in some comparative advantages in terms of rapid capacity development and institutional development gains, professional networking or any other development outcomes? How could these components be characterized –plusses and minuses?
- To what degree were the objectives achieved overall? Did the document study or the field trip bring to the fore any concrete achievements against the set objectives?

- Currently many of the IKI-interventions are of short duration and with high Finnish technical input. How would you compare a situation in terms of capacity development of individuals and the institutions, if more emphasis be put on the use of local expertise? What would be the major gains and major obstacles or losses?
- Characterize the quality of planning documents and the project documents? Are they conducive to results-oriented work, monitoring and reporting? Major negative / positive features of the quality of the IKI-intervention documents, considering here also the international frameworks (f.ex. ownership, leadership, mutual benefits etc.) and cross-cutting objectives listed in the beginning of section 5.2.
- Is there an adequate aggregated reporting system by objectives and results, based on evidence of the monitoring reports? What is the quality of the reporting?

## Sustainability

- Sustainability of the results is an overall goal of development interventions? How could the sustainability dimension be characterized in IKI-interventions? Is there any ex-post follow-up when an intervention comes to an end? Is there any organized “end-of-project” assessment, evaluation or self-evaluation review, between the cooperating partners? If yes, what are the major topics of discussion and the conclusions?
- Do the partner institutions have any suggestions on how to alter the IKI-instrument to serve them better in terms of longer-term benefits?
- Are there examples, and if yes, what kind, of the activities initiated during the IKI-project, that are continued after the closure of the IKI-project?

## Impact

- The actual IKI-instrument was launched in 2008 as a result of the 2007 development Policy of Finland. It has been an instrument in progress all this time? Are there any examples, discernible either in the documentation or in the field, of longer-term impacts, negative or positive, direct or indirect, concrete or at the conceptual level? Has there been any spontaneous follow-up cooperation between the partner institutions?
- Can you think of any measures or alterations to the current modality of implementation that would improve the sustainability of the impact?
- What is your key assessment for the IKI-instrument as compared with its original purpose – capacity development? Does assessments towards the objective of capacity development come through in the progress reports?
- To what extent do the IKI-interventions results reach the stated target beneficiaries? On the basis of already completed IKI-interventions, are any longer-term effects / impacts detectable and if yes, what kind? Is the issue of final beneficiaries in any way discernible in the Ministry’s documents, in the protocols of the quality group, comments on draft project documents or funding decisions made in the ministry?

## **Some special questions on the administrative arrangement and tools**

To lessen the administrative burden of managing a high number of IKI -interventions, the Ministry has, through competitive bidding, hired an external consultancy resource to assist in this task. The external consultant also assists the Finnish institutions in the compilation of the project documents and pre-screens their quality. The consultant compiles regular progress reports on performance of the interventions. Decisions are, however, done in the Ministry.

Some guiding questions:

- What is the special value added of this arrangement? Is it justified to be continued or should it be altered?
- Assess the quality of the products that have, through the consultant, arrived at the Ministry? Does the reporting give adequate results-based analyses of the status of the interventions, its compliance with the original purpose, on the possible problems, and how to solve them, and alerts of needs to intervene?
- Assess the process of reporting, is it participatory including the partner institutions?
- Assess the guidance given by the Ministry in relation to enabling the consultant to deliver quality products?
- What is the quality of the administrator's comments on project proposals? Do these comments include the requirements of the international frameworks, the CCOs and the results-orientation and complementarity? To which degree do they deal with results-orientation and the needs of the stated beneficiaries?
- Do the guidelines provided by the Ministry offer adequate advice and guidance to construct and implement high quality IKI -interventions, monitoring of implementation, reporting. If not, what are the aspects of dimensions that should be developed or that are missing?

## **A special aspect of lessons learned**

Climate sustainability and climate change, mitigation measures, adaptation and natural disaster preparedness have been policy goals for a number of years. There was a specific evaluation on natural disaster, climate change and poverty, which studied the meteorological cooperation as one entry point of Finland to this problem area (Evaluation report 2009:8). A significant number of the current IKI-interventions are in the field of meteorology.

- How do these IKI-interventions define the final beneficiaries? Do they define the modality, how the ultimate beneficiaries are reached? Is the end-to-end disaster preparedness concept in any way integrated in the planning?

## CASE III B

### 5.3.3 Specific issues to NGO -instrument

#### Complementarity in wider context and frameworks

A particular context frame in this case-evaluation are the current development policy, the policy guidelines for NGO cooperation, and the country programmes of Finland. A major current issue, depicted in the 2012 development policy of Finland, is the question of finding innovative ways of using NGO-actors to complement development activities within the country programmes of Finland so as to achieve better reach-out and impact *in vertical and in horizontal sense*. Similarly, the issue of complementarity of the NGO-programmes in respect of **other** actors in development, including the multilateral, the host government, and business sector, is of interest and constitutes an important contextual sphere in this examination. These questions and context considerations arise from “*the holistic*” planning process that would use the different development instruments in a complementary way. This is a central message of the 2012 development policy of Finland.

#### Complementarity within the NGO sector

NGO-sector plays a particularly important role in the societies, including as advocates in human rights, environmental issues, gender and social equality, anti-corruption, democracy and rule of law, peace building and issues alike. The three NGO-instruments of Finland (INGO-, NGO-, and LFC -cooperation) address *different levels of societies (vertical complementarity)*, the INGO -cooperation reach from the international to the government, and even to local levels, the NGO-cooperation, working with local NGOs, much at the local level, and the LCF supporting the capacity of local CSOs. Some of the bigger Finnish NGOs also work in delivering of *humanitarian aid*, thus having a *double* role. Complementarity already between these actors in any one country would undoubtedly bring in synergy dividends and minimize occurrence of development gaps.

#### Evaluation tasks and questions

The difficulty in evaluation of complementarity **between** the three categories of NGO-support, and between the NGO-support and the other official development cooperation that is programmed, is the multitude of sectors and themes that are involved and the multitude of working modalities, as well as the widely scattered target countries and cultures in the current NGO-sector cooperation. Also the Finnish legislation pertinent to supporting the NGOs with development budget funding, may hinder more innovative ways of utilizing these instruments.

The evaluation tasks and questions of this case-evaluation include:

- 1) analysis of the current modalities of cooperation and administrative arrangements against the 2012 development policy and against the current policy guidelines of NGO-cooperation, including the LCF norms and guidance and the INGO guidelines;

- 2) assessment of the Finnish NGO-support interventions in terms of contributing to the results requirement of Finnish development cooperation, and the special value of these results in the local and national contexts of the countries concerned;
- 3) assessment of the significance of the NGO-instruments in the implementation of the “reaching out to the wider world”; should the constellation of the NGO-instruments’ use now be changed? In which way? – What could be gained and what be lost?
- 4) assessment of the complementarity factor of the NGO-support with Finland’s overall country development programme; what is the complementarity template in cases where there is no bilateral country programme or other project-based cooperation?
- 5) assessment of the complementarity of the NGO-interventions with the partner country’s development plans, and with the development objectives of the local CSOs, or their umbrella organisations? What sort of mutually reinforcing planning mechanisms are there in place?
- 6) assess the complementarity of the NGO-programmes with other development actors, multilateral programmes, business and trade interventions, programmes of other donors? what are the used mechanisms of informing each other?
- 7) should complementarity between the INGO-, NGO- and LCF-- instruments be pursued? What would be the losses and the gains in financial terms and in development results, with a tight complementarity requirement being imposed? The NGO-programmes operating in countries other than the principal partner countries of Finland, what is the significance of these programmes in terms of overall development results reporting by Finland in these countries?
- 8) Are there any examples of good practices in the division of labour within the NGO-sector? What are the success factors?

In addition to the overall NGO-sector case-evaluation, there is the special case of three organizations, the Finnish Red Cross, Fida International and the Finn-ChurchAid that will be assessed as the rest of the NGO-sector. A thorough assessment of the continuum aspect from humanitarian aid through reconstruction and development cooperation will be assessed in connection with another wider evaluation.

Here the evaluation will

- 9) study the complementarity between the humanitarian work of the three organizations and their reconstruction and development work; are there any examples of the dual role of these organizations and their accreditation to the ECHO/EU, that can be considered as having brought special benefits or value added to the organisations’ work as agents implementing development cooperation programmes.

### **Organizing the NGO -instrument in a new way**

The whole issue of NGO-cooperation should be looked at from a new angle – should the “traditional” NGO-cooperation, that is planned by the NGOs themselves, con-

tinue as it is – and to what extent? Or, should part of the NGO-support be tied to the vertical or horizontal complementarity with regard of the country programmes? Should part of the NGO-funding be directed towards cooperation between NGOs and multilateral actors, or with local business community, or towards direct cooperation with partner governments? These questions would need a completely different mind-set and planning mode for the NGO-programmes and also to the country programmes. Yet, the value added of such new ways may enhance vertical flow of benefits to the most disadvantaged groups. Thinking should go from bottom-up and from to-down – critically identifying the current gaps – where does the chain break – and who could best serve in mending it?

The following questions may help in this thinking:

- 1) How should the criteria for NGO-funding appropriations be altered for the NGOs to be able to step in the country programme framework? Is current legislation conducive to such a change?
- 2) What are the conditions and modalities that should be deployed when deciding on the eligibility for an organization to be included in the “country programme –eligible” criterion?
- 3) Should the inclusion of Finnish NGOs to the “country programme support category” be opened to the organizations informing the ministry on voluntary basis? Or should the Ministry decide on the inclusion on the basis of past experience and invite organisations to participate?
- 4) How should a country programme be planned to enable the distinction of suitable tasks to the NGO-instruments and those to the more traditional implementing setups?
- 5) What would be the role of the partner governments? Should the NGO-sector cooperation overall be part of the bilateral negotiations? How would complementarity be addressed in countries with little or no other Finnish development activity? Should the dimension of complementarity be a compulsory requirement in NGOs funding proposal?
- 6) Should NGO-cooperation be part of the discussions with the multilateral sector actors, in business promotion and alike?
- 7) Is the current administration of NGO –support in the Ministry suitable for the new “two category” model? What about the administration of the INGO programmes? Some INGOs that are supported by Finland have even a multilateral organisation’s status with the OECD.

## IV SYNTHESIS

### 5.4 Synthesis evaluation

The synthesis evaluation document will bring together the major traits of the different case-evaluations of this entire study on complementarity.



The synthesis analyses will

- 1) assess the significance of the results of the individual case-evaluations and analyses carried out in the wider context of drawing lessons and concrete examples, as well as emerging ideas of potential effectiveness and impact gains through the complementarity factor that is written out in the current development policy programme of Finland (2012) and featured so clearly also in earlier policies: What is the actual status of complementarity at the moment? And what could it be in the future?
- 2) address the complementarity through the *vertical and the horizontal angles of development* and development partners in these angles;
- 3) propose any further study that might be necessary to achieve (or improve) division of labour internally in Finland and with external partners and give guidance on how to accomplish that?
- 4) give examples of concrete results by the different instruments and identified good practices to achieve complementarity;
- 5) address the system-wide results-orientation in planning, monitoring, reporting, and what benefits strong policy emphasis on complementarity has accomplished or potentially could bring in? How do the different instruments perform in respect of complementarity as a factor in better aid effectiveness and development results?
- 6) consider any other dimension or factor that has clearly emerged from the policy review, the case-evaluations, interviews or any other source used in this evaluation.

In addition to the synthesis evaluation report, a short (no more than 6 pages) policy brief will bring together in a crisp and succinct manner the major lessons learned, conclusions and recommendations that can be drawn from all the case-evaluations and the policy analyses in this study.

## 6 METHODS

The process of this evaluation requires partly joint and partly separate methodologies and tools to be utilised, depending on the case-evaluations and the policy studies. The methods will be a mix of qualitative and quantitative evaluation methods which enable triangulation in the drawing of results.

The inception report will give a detailed account of the methods, tools, judgment criteria, and indicators. There will be an evaluation matrix prepared, which should be drawn separately to each of the case-evaluations and to the synthesis assessments. The purpose of the matrix tool is simply to clarify thinking and open the evaluation questions into more narrow research questions. The inception report will clarify the thinking of the evaluators in how this comprehensive task is approached and implemented in practice.



## 7 EXPERTISE REQUIRED

### ***The evaluators***

As explained in the first section of these TORs (SETTING THE SCENE) this umbrella evaluation requires a wide, multidisciplinary evaluation team with mixed and complementary competences, senior experience level, abilities to work and inform internally and externally, and excellent coordination within the entire team.

The team of experts will include senior female and male experts, and be a mixture of senior experts from the developing and the industrialised countries.

All experts must have a minimum of M.Sc / M.A. university educations, be fluent in oral and written English (level 6). Experts assigned to the field visits in the Latin America region, must be fluent in Spanish. Knowledge of local administrative languages among the experts of the countries selected for the field visits will be an asset.

One of the senior experts will be identified as the Team Leader. The evaluation team will work under the leadership of the team leader, who ultimately carries the responsibility of completing this wide evaluation.

The team leader will have 15 years or more of experience in development policy and cooperation gained from a number of different kinds of assignments, including long-term (*3 years or more, the periods of individual service being more than one year each*) field experience and/or experience in international organisations and good understanding of the global development architecture, the change agenda, and how it has developed over the years. She/he has experience of methodologies of policy influence work and policy analyses. She/he has a track record of at least five (5) cases of leadership of multi-national and multi-theme / development evaluations, and in producing quality outcomes of these evaluations. She/he must be able to exercise leadership and have clear vision over the evaluation task.

Each of the other senior experts will have

- more than eight (8) years of international experience relevant to development policy and cooperation and long-term (*defined above in “Team leader” paragraph*) working experience at the field level in developing country or countries, in different types of assignments relevant to development policy and cooperation.
- sound evaluator experience (*four evaluations*), either as team member of team leader of comprehensive size (*wider than single development project evaluations*) evaluation, and working experience in multinational teams.

Overall requirement of the senior experts is that the team will be a complementary mix between experts with the following competencies distributed among the experts:

- a) 5 years or more experience in NGO-sector cooperation, including INGO-cooperation;

- b) experience in the multilateral organisations at the field operations level, with good understanding of their programming operations;
- c) 4 years or more experience in the development planning processes at the partner country level;
- d) hands-on practical experience in institutional change processes and capacity building at different levels of development;
- e) 4 years or more experience in management of aid; results-based planning, monitoring, reporting and evaluation;
- f) through working experience gained understanding of policy coherence, complementarity, cooperation and experience in their implementation in practice;
- g) 5 years or more experience in development work on the mainstreaming and advocacy of the cross cutting objectives at the operational level;
- h) special working experience in the field visit countries would be an asset.

### **Document retrieval and other assistance to the evaluation team**

There will be 1-2 junior assistants, one of which will be a person who is a native speaker of Finnish language. He/She is required to be available at a short call. There is no opportunity to claim per diems, rental or residential expenses, or other travel than local public transport fees. She/he will serve in the document retrieval, practical organisation, logistics, and similar tasks **in Finland**. She/he may be required to review and summarise some documentation that exists only in Finnish language.

Another junior assistant may be appointed, but she/he will be from a developing country and serve in any of the he IKI or the NGO-case evaluation field-visit countries, and be resident there. The same conditions concerning travel, per diems and accommodation expenses, as stated above to the junior assistant working in Finland, will apply to this junior assistant.

The junior assistants are required to have a minimum academic qualification of M.Sc. or M.A., and a minimum of two years of working experience after the graduation. Both of the junior assistants will be fluent in oral and written English. In addition the junior assistant coming from the developing country will master the major local administrative language.

### **Quality assurance**

Two quality assurance experts will be required. These two experts need to be highly experienced, their expertise and experience corresponding the level and qualifications and experience of a team leader position. They have at least three (3) earlier occasions of service in the capacity of quality assurance of an evaluation process, and are familiar with the international frameworks of the OECD/DAC and the EU regarding the aid evaluation quality standards and the quality criteria of the evaluation reports.

The quality assurance experts will review all the deliverables and offer advice at each juncture of the evaluation process that includes submission of a deliverable (start-up note, inception, draft desk, semi-final, draft final and final reports). At the end of the evaluation process the quality assurance experts will fill in the EU's quality grid for

evaluation reports. The reports of the quality assurance experts at each juncture of the deliverables will also be submitted to EVA-11.

## 8 DELIVERABLES

All the deliverables produced in this umbrella evaluation are subject to being approved by EVA-11 as a pre-requirement for the evaluation process to progress to the next step.

It is foreseen and even desirable that all the case-evaluations will not be delivered at the same time (in tandem), but rather that the evaluations on IKI-instrument and the NGO-instruments and the country case-evaluations (ref: section 10) will be completed first, followed by the policy analyses and the final synthesis on complementarity, and the policy analysis.

The following deliverables will be prepared:

1. Start-up note: Will clarify the approach and understanding of the evaluation task as a next step from the tender documents. The start-up note will be prepared within three weeks from the signing of the contract. A start-up meeting will be organized by EVA-11 where the note will be discussed and the evaluation team may seek any clarifications they need regarding the assignment.
2. Inception report: Will be divided between the case-evaluations of the IKI-, NGO-instruments, and the country programme desk-evaluations. The inception report for the policy analyses and the synthesis evaluation will constitute an umbrella report to these three. All of these partial reports can be presented as a combined overall report with separate sections accordingly. – It is important that sound thinking goes in the preparation of this, in terms of the defining the appropriate methodologies and tools to be used and their clear description in relation to the tasks.

The inception report will also specify the time tables of delivering the different case-evaluation reports, fine tune the distribution of tasks between the team members and confirm the duration of their services. – All in all the inception report is a work plan that shows the understanding and flow of the evaluation from start to the final step.

The inception report is expected within six weeks from the start-up meeting, meaning nine weeks from the conclusion of the contract.

3. Draft desk reports on the 1) IKI-, 2) NGO- instruments, 3) country case-evaluation of Mozambique and on country-case evaluation of Zambia; 4) the policy analyses. These are based on document study.
4. Interview plans: These plans will observe the requirement of organizing group interviews and interviews (in particular at the top level of administrations) as mixed teams between the different sections of this evaluation, whenever feasible and possible.

EVA-11 will introduce the interview plans to those planned to be interviewed.

This rule applies to the Ministry's staff and the Embassies and as appropriate, as explained in the following section 5, also to institutions in the partner countries.

5. Inception notes for the field studies for the IKI- and the NGO-instruments, which will include the interview plans in the field. These plans will be forwarded through the embassies of Finland, whenever possible, to the main governmental or administrative authorities that the evaluators wish to meet. The introduction of this evaluation will thus be done through the Ministry and the Embassy of Finland, prior to the contacts made by the consultants. Cases where there is no Embassy of Finland, will be discussed separately when time comes.
6. Back from the field oral report with power point support. This reporting will be organized through conference call or web-based connection or wideolink.
7. Semi final draft reports of the IKI-, NGO-instruments, and country-case evaluations (separate for Mozambique and Zambia), and the policy analyses and synthesis on complementarity. These reports are subjected to a wide round of comments by stakeholders. The comments will be delivered to the evaluation team by EVA-11 for consideration.
8. Draft final reports on IKI-, NGO-instruments, country case-evaluations, and policy analyses and synthesis on complementarity. As explained earlier, these reports will be completed in this sequence, the case-evaluations feeding to the synthesis.
9. Final reports of IKI-, NGO-instruments, country-case evaluations (Mozambique and Zambia)
10. Final report on policy analyses combined with the synthesis on complementarity.
11. Draft Policy Brief on complementarity in Finland's development policy and cooperation.
12. Final Policy Brief paper.
13. Oral presentation in Helsinki, Finland, supported by power point(s) of the results of the evaluation, including separate presentations on the case- evaluations of IKI-instrument, NGO-sector and the country desk-studies on Mozambique and Zambia. The presentation of IKI- and NGO-component case-evaluation results can be organized at the time of completion of these reports, in September-October 2013.

A web-based recast of the power point supported presentation of the results of the evaluation(s) to the wider audience in the embassies of Finland and the other stakeholders in different countries.

The presentations of the evaluation results are expected to be no later than mid-December 2013.

All evaluation reports coming out of this evaluation process will show clear factual trail from the analyses to findings, conclusions and recommendations. It is important that the results are evidence-based. The recommendations must be actionable, in clear language and concluded from the findings and conclusions. The reports will clearly describe the limitations, special problems faced or reasons for omission of some issues and alike.

Clarity and brevity of expression are required in reports. The language of the reports must avoid highly technical expressions, since the reports are meant to be used also by the general informed public.

The written reports must comply with the instructions to authors of the Evaluation Reports of the Ministry. These instructions will be delivered to the team at the outset of the evaluation process. The team should from the beginning agree on common formats, for example, type of bullet points, model for tables and lists etc, and agree to follow the instructions to authors overall.

The authors must use precise referencing, including the web-page references, which must include the date of retrieval of information. It is advisable to compile the list of references while writing. Care must be taken for each of the references to comply with the instructions in the format they are listed. The abbreviations and acronyms must also be carefully checked and recorded according to the instructions. The final report, submitted, must have undergone a thorough checking of all details. The report submitted must be ready to print. – The team is advised to jointly peruse the instructions to authors of the evaluation reports, prior to embarking upon the writing of the deliverables.

The final draft reports must be in the format of the final reports, including the English Abstract and Summary. The round of comments on these reports is meant only to correct possible errors. Also the references and abbreviations must be carefully checked. The abstract and summary, including the summary matrix of findings, conclusions and recommendations, must already be included in the final draft report. The principle is that only one round of comments by stakeholders and the Ministry will be enough. The evaluation team and the team leader in particular, will need to ensure, that the drafts delivered to the Ministry are of high quality.

It is essential that the final evaluation reports are completed carefully, copy-edited, and ready to print after EVA-11 will include the preface and the required information on the ISBN page. The language must be clear and concise, and understandable even to readers that are not experts in this field (could be classified as informed laypersons). If the main authors are not native English speakers it is advisable to have the language of the final reports checked before submitting to the Ministry. The Ministry will have the Abstract and the Summary translated in Finnish and Swedish languages.

In the quality of the evaluation process and the reports, the evaluation team should observe the OECD/DAC and the EU aid evaluation quality criteria. A merged table-format tool has been developed of these criteria by EVA-11, and they will be made available to the evaluation team at the outset of the evaluation process.

There will be penalties to the service provider, as specified in the contract, should it happen that the evaluation reports do not comply with the requirements spelled herein, in the instructions to authors, and as guided by the quality criteria provided to the authors at the outset of the work.

In addition to the assessments of the quality assurance experts, the evaluation reports will be subjected to external anonymous peer reviews of quality after completion.

## **9 BUDGET**

The maximum amount available for this evaluation is 600.000 euro + VAT 23% when applicable. The European Commission's directive on the VAT for foreign companies will be observed as appropriate.

## **10 TIMETABLE**

The start-up meeting will be organized in the second week of January 2013. The evaluation should be completed by the end of December 2013.

However, within this overall time schedule, it should be taken into account, when planning the sequence of the work, that the results of the IKI-instrument and the NGO- case-evaluations are needed as soon as it is possible, foreseen to be ready around August-September 2013. The rest of the deliverables will be by the end of 2013.

The first contacts with the selected service provider will be made immediately after completion of the contract, which is foreseen to take place before the Christmas break of 2012.

## **11 MANDATE**

The evaluation team has no immaterial rights to any of the material collected in the course of the evaluation or to any draft or final reports produced as a result of this assignment.

The consultants are expected to but they are not authorised to make any statements, commitments or act on behalf of the Government of Finland.

## **12 AUTHORIZATION**

Helsinki, 15 October 2012

Aira Päivöke  
Director  
Development Evaluation

## ANNEX 2 PEOPLE INTERVIEWED

NB.: Titles and posts reflect the situation prevailing at the time of the interviews.

### Ministry for Foreign Affairs in Finland

#### Unit responsible for Development Evaluation (EVA-11)

Aira Päivöke, Director  
 Kristiina Kuvaja-Xanthopoulos, Counsellor  
 Riikka Miettinen, Evaluation Officer  
 Riitta Oksanen, Senior Advisor

#### Department for Development Policy

Pekka Puustinen, Director General  
 Satu Santala, Deputy Director General  
 Jukka Pesola, Director, Unit for International Environmental Policy  
 Riikka Laatu, Director, Unit for Sectoral Policy  
 Ulla Järvelä-Seppinen, Senior Adviser  
 Heidi Pokki, Senior Officer  
 Marianne Koivunen, Administrator Financial Planning  
 Eliisa Mäkelä, Administrator  
 Tapio Rantanen, Attaché  
 Tomi Särkioja, Senior Adviser  
 Marianne Rönkä, Programme Officer  
 Anna Malinen, Desk Officer EU Development policy

#### Department for Africa and the Middle East

Helena Airaksinen, Director, Unit for Eastern and Western Africa  
 Helena Tuuri, Director, Unit for Middle East and North Africa  
 Kari Alanko, Ambassador, Development Policy Adviser  
 Jussi Koskela, Regional Manager  
 Erik af Hällström, Regional Manager  
 Tuulikki Parviainen, Programme Officer,  
 Harri Sallinen, Counsellor, Regional Manager, Unit for Southern Africa  
 Leea Lamminpää, Attaché, Unit for Southern Africa  
 Mauri Starckman, Counsellor (Economic and Development Policy, Agriculture),  
 Head of Co-operation, Embassy of Finland, Lusaka

#### Department for the Americas and Asia

Roy Eriksson, Director, Unit for Latin America and the Caribbean  
 Tiina Vaivio, Programme Manager, Unit for Asia and Oceania

## **Ethiopia**

### **Embassy of Finland in Addis Ababa**

Janne Oksanen, Head of Co-operation  
Meseret Mengistu, Project Officer (including for LCF)  
Martha Solomon, Water and Agricultural Growth Adviser  
Marianne Kujala-Garcia, Counsellor, Education  
Workaferahu Eshetu, Programme Officer

### **Ministry of Finance and Economic Development**

Dereje Girma, Bilateral Co-operation Department  
Wossen Demissie, Bilateral Co-operation Department

## **Kenya**

### **Embassy of Finland in Nairobi**

Jatta Väisänen, Deputy Head of Mission  
Tiia Haapaniemi, Programme Officer (Trade and Political Affairs)  
Marjaana Pekkola, Counselor for rural development  
Heini Vihemäki, Counselor for natural resources  
Georginah Gichohi, Assistant Programme Officer, NGO-fund

### **Government of Kenya**

Gideon Mailu, Ag. Director of the Programme and Projects Directorate, Ministry of Devolution and Planning  
Ambrose Orwa and Wesley Too, External Resource Department (National Treasury), Ministry of Finance  
Richard Chesos and Zilpah Kwamboka, NGO's Co-ordination Board

### **UN Resident Co-ordinator's Office / UNDP**

Maria-Threase Keatng, RC a.i and UNDP Country Director  
Carlin Averbeck, Team Leader Inclusive Growth & Social Development Unit  
Julius K. Chokerah, National Economist

### **UN-Women**

Idil Absiye, Programme Officer  
Ursula Sore-Bahati, Programme Manager

### **European Union Delegation**

Erik Habers, Minister Counselor, Head of Co-operation  
Julien Bouzon, Counselor, Head of Section Macro-Economics, Governance and Private Sector



## **Lao PDR**

### **Embassy of Finland in Bangkok**

Antti Niemelä, First Secretary and Deputy Head of Mission

Bhuripan Kalnaovkul, Programme Officer, Development Co-operation

Lotta Kivinen, Political and Commercial Team

Somsack Chandara, National Support Officer for Lao PDR

### **Government of Lao PDR**

Sisomboun Uanavong, Director General Department of International Co-operation, Ministry of Planning and Investment

Sysomphorn PhetdaoHeuang, Director of Europe-America Division, Ministry of Planning and Investment

Alounxay Khattiyalath, Deputy Director Aid Effectiveness Division

Vilakone Souvandy, Technical Officer in charge of co-operation with Finland

Sengkeo Poangpadith, Director of INGO Division, Department of International Organisations, Ministry of Foreign Affairs

Ampha Simmasone, Director General Department of Administration Development, Ministry of Home Affairs

### **UN Resident Co-ordinator's Office / UNDP**

Minh H. Pham, UN Resident Co-ordinator and UNDP Resident Representative

Sudha Gooty, Assistant Resident Representative, Head of Governance Unit, UNDP

### **European Union Delegation**

Michel Goffin, Chargé d'Affaires a.i.

Jean-Bernard de Milito, Development co-operation specialist

Phonesavanh Sethanaphaixanh, Programme Officer NGO / CSO

Julien Bouzon, Counsellor, Head of Section Macro-Economics, Governance and Private Sector

## **Mozambique**

### **Embassy of Finland in Maputo**

Matti Kääriäinen, Ambassador (by video-conference)

Saana Halinen, Head of Co-operation (by video-conference)

## ANNEX 3 DOCUMENTS CONSULTED

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## ANNEX 4 FINNISH ODA SUMMARY TABLES

**Table A. 1:** ODA disbursements by budget line in 2004-2012 (€ million).

Budget line	2004	2005	2006	2007	2008	2009	2010	2011	2012
Multilateral development co-operation	105,0	117,7	143,8	157,6	184,0	198,7	199,1	239,3	258,6
Country-specific and regional development co-operation	126,7	145,7	168,4	172,7	175,5	223,7	250,3	241,5	240,6
European Development Fund	34,6	39,1	39,6	44,5	54,0	42,4	55,4	48,6	42,4
Non-country specific development co-operation	34,0	31,8	18,5	21,3	26,2	28,8	54,1	46,7	49,7
Humanitarian assistance	44,5	70,5	59,4	69,1	65,8	73,0	81,0	91,4	84,4
Planning, support functions, and communication of development policy	6,0	5,7	5,7	5,3	6,7	8,0	6,9	8,4	8,7
Evaluation and internal audit of development co-operation	0,5	0,7	0,5	1,0	1,1	1,8	2,0	2,7	2,1
Support for non-governmental organisations development co-operation, Kepa and development communication	38,4	45,1	57,1	64,5	76,2	86,1	90,3	92,4	95,0
Concessional credit	3,3	6,0	8,6	11,1	10,8	8,7	4,7	6,0	7,4
<b>TOTAL</b>	<b>393</b>	<b>462,3</b>	<b>501,6</b>	<b>547,1</b>	<b>600,3</b>	<b>671,2</b>	<b>743,8</b>	<b>777</b>	<b>788,9</b>

Source: MFA Department for Development Policy.

**Table A. 2:** Finnish Net ODA.

Net ODA	2009	2010	2011–	Change 2010/11
Current (USD\$ m)	1290	1333	1409	5,7%
Constant (2010 US\$ m)	1232	1333	1275	-4,3%
€ (million)	926	1006	1013	0,7%
ODA/GNI	0,54%	0,55%	0,52%	
Bilateral share	61%	63%	61%	

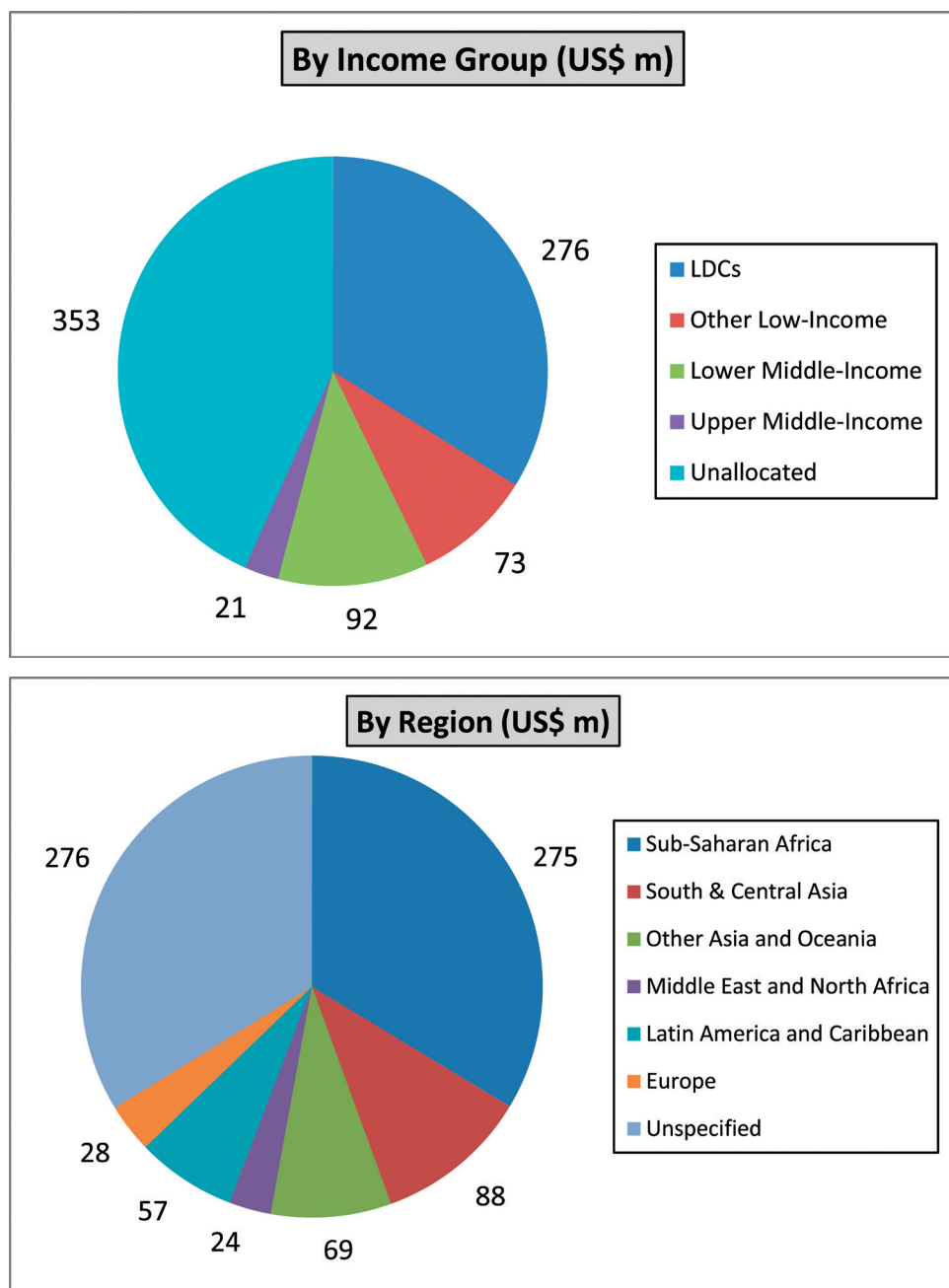
Source: OECD-DAC 2012.

**Table A. 3:** Top 10 recipients of Finnish gross ODA.

Top 10 recipients of Gross ODA (USD million)		
1	Tanzania	52
2	Mozambique	45
3	Afghanistan	27
4	Vietnam	26
5	Ethiopia	25
6	Zambia	23
7	Kenya	22
8	Nepal	21
9	Sudan	17
10	Nicaragua	16
Memo: Share of gross bilateral ODA		
Top 5 recipients		21%
Top 10 recipients		34%
Top 20 recipients		44%

Source: OECD-DAC 2012.

**Figure A. 1:** Distribution of Finnish ODA by income group and by region.



Source: OECD-DAC 2012.



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REPORT 2010:5/II	Finnish Support to Forestry and Biological Resources. Country and Regional Reports (Parts 1 Kenya, 2 Mozambique (Eng, Por), 3 Tanzania, 4 Zambia, 5 Lao Peoples Democratic Republic, 6 Vietnam, 7 Western Balkans, 8 Central America) ISBN: 978-951-724-878-5 (printed), ISBN: 978-951-724-879-2 (pdf), ISSN: 1235-7618
REPORT 2010:5/I	Finnish Support to Forestry and Biological Resources ISBN: 978-951-724-876-1 (printed), ISBN: 978-951-724-877-8 (pdf), ISSN: 1235-7618
REPORT 2010:4	Sustainability in Poverty Reduction: Synthesis ISBN: 978-951-724-874-7 (printed), ISBN: 978-951-724-875-4 (pdf), ISSN: 1235-7618
REPORT 2010:3	The Finnish Development Cooperation in the Water Sector ISBN: 978-951-724-848-8 (printed), ISBN: 978-951-724-849-5 (pdf), ISSN: 1235-7618
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