

# Conclusions of the National Audit Office

## Multilateral development cooperation

The development policy of Finland aims to eradicate poverty and inequality, as well as to promote sustainability. The 2012 Development Policy Programme states that the development policy's objectives include strengthening of international stability, security, peace, justice and sustainability, and promotion of the constitutional state, democracy and human rights. Human rights are the starting point of the Finnish development policy.

The audited multilateral development cooperation refers to Finland's activity in UN organisations, programmes, funds and development financing institutions.

The audit focused on the targeting of Finland's multilateral development cooperation, the advocacy work of Finland in international organisations and whether the Ministry for Foreign Affairs of Finland has studied the success of multilateral development aid. The audit primarily applied to the period of time between 2013 and 2015. Due to lowered development cooperation appropriations, the audit also studied the development after 2015. The goal of the audit was to find out to which extent Finland's multilateral development cooperation has complied with the Development Policy Programme.

In 2013–2015, a little less than one billion euros were used from the multilateral development cooperation section of the development cooperation allocation scheme. During the same period of time, aid was also paid to international organisations from other sections of the allocation scheme, and also from the allocation schemes of other Ministries. In total, more than two billion euros were paid between 2013 and 2015.

In autumn 2015, the UN Member States agreed on the 2030 Agenda for Sustainable Development. The objectives of the Agenda are sustainability and eradication of extreme poverty. The Agenda is more comprehensive than the objectives agreed for the new millennium in 2000; it covers financial, social and environmental aspects. The objectives of the new Agenda entered into force at the beginning of 2016. At present, Finland's development cooperation focuses on the focus areas specified in the 2016 Government Report, which promote many of the Agenda's objectives, such as improving the rights and status of women and girls, and promoting the financial development of developing countries. This audit applies to the time before the 2030 Agenda, but Finland's development policy objectives have traditionally been similar to many of the Agenda's objectives.

A result-based approach and accountability have been key issues in global development cooperation for more than a decade. Result-based approach is also one of the key policies of the 2012 policy programme. According to the observations made during the audit, the Ministry for Foreign Affairs of Finland has consistently aimed to develop the performance of the development cooperation. The Ministry has ordered an outside result-based management assessment and made decisions on development actions based on the results. Organisation-specific advocacy plans have been made to boost the advocacy work; reporting and data systems have been developed. There is still plenty to do despite the fact that plenty has already been done to improve the results. The top-level development work does not always show in practice.

According to the observations made during the audit, the Ministry for Foreign Affairs has been active and aimed at cooperation in the

international organisations funded by Finland. By means of skilful board work and cooperation with other parties with similar objectives, Finland has obtained more influence in international organisations than the amount of aid it has provided would have suggested. As less appropriations are available, the significance of competent employees in the advocacy work becomes even more pronounced.

In addition to the Department for Development Policy of the Ministry for Foreign Affairs of Finland, other departments are also engaged in development cooperation. There are more than twenty units in different departments that grant aid. It was observed during the audit that such an organisation makes coordination of the activity highly challenging. The decentralised organisation poses a risk to efficient communication and management of information. Furthermore, it makes result-based management more difficult. These issues combined can impair the effectiveness of the actions and the results.

There was a large number of development cooperation objectives in the 2012 policy programme, and these objectives had not been prioritised. Nevertheless, some prioritisation of the actions was absolutely necessary. It was observed during the audit that the advocacy work was rarely targeted based on a strategic analysis even though that was the approach specified in the policy programme.

There are fewer objectives in the new report on the Finnish development policy that was approved at the beginning of 2016. Furthermore, the report is more concise than the previous policy programme. Thus, the new report seems to be an improvement to the previous policy programme.

The annual reports on the advocacy work often focus on the actions completed during the period under review instead of the effects. The Ministry for Foreign Affairs has trusted information provided by the Multilateral Organisation Performance Assessment Network (MOPAN) when assessing the performance and effectiveness of the organisations. This is appropriate when taking into account the limited resources of a small country like Finland. Based on the audit, the organisations' own assessment units are independent and the information provided by them on the progress of the work at the local, regional and global level is of a high quality in general. Opportunities to utilise the information provided by the organisations' own assessment units on the execution of the work in the Ministry's own advocacy work should be studied.

It was observed during the audit that there are defects in the development cooperation document management system of the Ministry for Foreign Affairs. The results of the development cooperation cannot be compiled and merged with the current data systems. Development of the information management system would offer better opportunities to assess the effects of the work and provide reports on it.

During the audit, studying how much funding is provided to the multilateral development cooperation proved highly challenging. The term "multilateral development cooperation" can refer to a variety of issues and the work is funded by many departments. To correctly target the efforts and allow for proper monitoring, the funding should also be transparent.

In 2018, the Ministry for Foreign Affairs will submit to the Finnish parliament a report on the results of the development policy and the related efforts. Better monitoring and assessment of the results and effects as well as development of data systems to serve this work are necessary in order to create the report. If the reporting is developed, the actions can be more effectively targeted to the correct areas. To ensure accountability, openness and transparency, the Ministry should

publish more information on the development cooperation on its website.

#### Recommendations of the National Audit Office

The National Audit Office recommends for the Ministry for Foreign Affairs of Finland to

1. Improve coordination of the development cooperation efforts within the Ministry to better support the advocacy work
2. Focus on a limited number of development cooperation goals that are as clear and concrete as possible, as well as measurable
3. Develop its data systems in such a manner that they can be effectively utilised in the compilation of the results of the development cooperation, in related reporting and in development efforts
4. Study opportunities to better utilise the information provided by the organisations to support the advocacy work
5. Develop budgeting to make the total funding to multilateral organisations more transparent and to ensure better availability of information on targeting of the funding and its distribution between general funding and earmarked funding