

# Evaluation

## Finnish Aid for Trade



Evaluation report 2011:4

**MINISTRY FOR FOREIGN AFFAIRS OF FINLAND**

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## Finnish Aid for Trade

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## Evaluation report 2011:4

MINISTRY FOR FOREIGN AFFAIRS OF FINLAND

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## CONTENTS

PREFACE .....	ix
ACRONYMS AND ABBREVIATIONS .....	xi
ABSTRACT .....	1
Finnish .....	1
Swedish .....	2
English .....	4
SUMMARY .....	5
Finnish .....	5
Swedish .....	15
English .....	25
1 INTRODUCTION .....	39
1.1 Introduction .....	39
1.2 Background on Aid for Trade .....	39
1.2.1 Aid for Trade in the Context of the changing Political Economy of Global Trade .....	40
1.2.2 Cooperation at the European Union Level .....	41
1.2.3 Addressing Behind-the-border Constraints and creating an enabling Environment .....	41
1.2.4 Finland's Aid for Trade Action Plan .....	41
1.3 Scope of the Evaluation .....	44
1.4 Structure of the Report .....	45
2 METHODS OF THE EVALUATION .....	45
2.1 Introduction .....	45
2.2 Conceptual Approach .....	45
2.3 Evaluation Type .....	46
2.4 Evaluation Matrix .....	46
2.5 Evaluation Criteria .....	46
2.6 Evaluation Methods .....	48
2.7 Limitations .....	50
2.7.1 Results Framework .....	50
2.7.2 Access to Documentary Evidence .....	50
2.7.3 Ministry for Foreign Affairs Briefings .....	50
2.7.4 Timeline .....	51
3 AID FOR TRADE ACTION PLAN: PURPOSE AND OBJECTIVES .....	51
4 AID MODALITIES AND PARTNERSHIPS .....	52
4.1 Aid Modalities .....	52
4.2 Stakeholders and Partnerships .....	53
5 GENERAL FINDINGS .....	54
5.1 Role and Relevance of the Aid for Trade Action Plan .....	54
5.2 Relevance of Finland's Aid for Trade in the Global Environment .....	56
5.3 Importance of Trade in National Development Strategies .....	57

5.4	Responding to and aligning with Country Priorities and building Ownership .....	60
5.5	Coherence on Aid for Trade across Policies, Projects and Programmes .....	64
5.5.1	Finland's Policy Coherence on Aid for Trade .....	65
5.5.2	Coherence between the Aid for Trade Action Plan and the Portfolio .....	67
5.5.3	Coherence with International Policies and Principles .....	69
5.6	Coordination and Complementarity on Aid for Trade .....	70
5.6.1	Interactions between MFA HQ and Embassies .....	70
5.6.2	Interactions between MFA and Recipients .....	70
5.6.3	Interactions between Stakeholders – Finland and Other Donors .....	71
5.6.4	Complementarity across Finland's AfT Portfolio .....	72
5.7	Efficiency .....	72
5.8	Organisational and Management Aspects .....	74
5.8.1	Results-based Management .....	74
5.8.2	Human Resources .....	75
5.8.3	Project Cycle Management .....	75
5.9	Effectiveness .....	76
5.9.1	AfT Action Plan and the Portfolio .....	76
5.9.2	Influencing International AfT Partners .....	79
5.10	Impact .....	80
5.10.1	Contribution of Finnish AfT to Inclusive Growth and Poverty Reduction .....	80
5.10.2	Assessing Impact at the Level of Interventions .....	81
5.11	Sustainability .....	82
5.11.1	Financial Sustainability .....	82
5.11.2	Institutional Sustainability .....	85
5.11.3	Environmental Sustainability .....	86
6	CROSS-CUTTING ISSUES .....	88
6.1	Integration of Cross-cutting Issues into Finland's AfT Action Plan .....	88
6.2	Integration of Cross-cutting Issues into Finland's AfT Portfolio .....	89
6.2.1	Articulation in Design, Operational Strategies and Results Frameworks .....	90
6.2.2	Allocation of Resources .....	90
6.2.3	Reporting .....	91
6.2.4	Delivery of Results .....	91
6.2.5	Conclusion .....	91
7	FINNISH VALUE ADDED .....	92
7.1	What is Finnish Value Added? .....	92
7.2	Delivering Finnish Value Added .....	92
7.2.1	Exporting Excellence .....	93
7.2.2	Innovative Ways of working .....	93
7.2.3	International Influence .....	93



8	REPORTING MECHANISMS FOR ACCOUNTABILITY.....	93
8.1	Meeting the reporting Requirements of Finland’s Key Stakeholders ...	94
8.2	The Identification and Application of Lessons .....	94
8.3	Feedback Loops for Lesson learning.....	95
9	COUNTRY SUMMARIES .....	95
9.1	Long-term Bilateral Partners .....	95
9.1.1	Tanzania.....	95
9.1.2	Vietnam .....	96
9.1.3	Zambia.....	97
9.2	Other Country Case Studies .....	98
9.2.1	Lao PDR .....	98
9.2.2	Namibia .....	98
9.2.3	Thailand.....	99
10	THEMATIC SUMMARIES.....	99
10.1	Trade Policy and Regulations.....	99
10.2	Building Productive Capacity.....	103
10.3	Economic Infrastructure .....	105
11	CONCLUSIONS AND LESSONS LEARNT.....	108
12	RECOMMENDATIONS .....	109
	REFERENCES.....	111

ANNEX 1	TERMS OF REFERENCE	
ANNEX 2	PEOPLE INTERVIEWED <sup>1)</sup>	
ANNEX 3	EVALUATION MATRIX <sup>1)</sup>	
ANNEX 4	DOCUMENTS CONSULTED <sup>1)</sup>	
ANNEX 5	SAMPLE OF AFT PROJECTS AND PROGRAMMES <sup>1)</sup>	
ANNEX 6	RELEVANCE AND EFFECTIVENESS OF THE AFT ACTION PLAN <sup>1)</sup>	
ANNEX 7	AID MODALITIES AND PARTNERSHIPS <sup>1)</sup>	
ANNEX 8	EVALUATION CONTEXT <sup>1)</sup>	
ANNEX 9	AFT OF FINLAND AND TRADE INDICATORS OF FINLAND’S LONG-TERM PARTNER COUNTRIES <sup>1)</sup>	
ANNEX 10	COUNTRY SUMMARIES <sup>1)</sup>	
ANNEX 11	THEMATIC STUDIES <sup>1)</sup>	
ANNEX 12	THINKING ABOUT IMPACT: REVIEW OF AFT PROJECT AND PROGRAMME DOCUMENTS <sup>1)</sup>	
ANNEX 13	SAMPLE OF AFT PROJECTS AND PROGRAMMES RELATED TO CLIMATE CHANGE <sup>1)</sup>	
ANNEX 14	LIST OF ALL AFT PROJECTS AND PROGRAMMES <sup>1)</sup>	

<sup>1)</sup> Annexes 2-14 are contained in the attached CD

TABLES	
Table 1	Definition of the evaluation criteria..... 47

## BOXES

Box 1	Organisation for Economic Co-operation and Development classification of Aid for Trade .....	40
Box 2	Aid for Trade in Finnish development cooperation .....	42
Box 3	Finland's trade and development agenda .....	55
Box 4	Finland's trade policy .....	66

## FIGURES

Figure 1	Commitments and disbursements 2006-2009 by AfT category (€ millions) .....	43
Figure 2	Aid for Trade Action Plan: conceptual framework .....	52

## PREFACE

Trade-related development aid is not a new phenomenon. The Aid for Trade (AfT) term was taken into use in connection with the World Trade Organization (WTO) negotiations in Doha (Doha Development Agenda, DDA) and in Hong Kong 2005.

The AfT initiative is guided by a Declaration (OECD/WTO 2010), which emphasizes local ownership as one of the key factors for effective aid. The purpose of the AfT is to strengthen the productive and trade capacity of developing countries and to support the development of the enabling business environment.

In 2007 Finland played a key role as the President of the European Union (EU) when it was issuing a strategy for AfT. The next year the Ministry for Foreign Affairs of Finland (MFA) published its own Action Plan for Aid for Trade (2008-2011).

The overall key development principles of Finland apply also to the Finnish AfT. Finland's trade and development is also guided by the policies and principles by EU, WTO and Organisation for Economic Co-operation and Development (OECD). The trade-related assistance is firmly placed on the development policy agenda of many donors and international development actors. With the downturn of the global economy aid for trade is more important than ever.

The Finnish AfT has now been evaluated. The objective of the evaluation was to assist MFA to further improve and enhance the role and effectiveness of the AfT programme.

Helsinki, 1.10.2011

Aira Päivöke  
Director  
Development Evaluation



## ACRONYMS AND ABBREVIATIONS

ACP	African, Caribbean and Pacific (AKT in Finnish text)
AfT	Aid for Trade
CARIFORUM	Caribbean Forum
COFISA	Cooperation Framework on Innovation Systems between Finland and South Africa
COMESA	Common Market for Eastern and Southern Africa
CRS	Creditor Reporting System
DAC	Development Assistance Committee
Danida	Danish International Development Agency
DDA	Doha Development Agenda
DFID	UK Department for International Development
DTIS	Diagnostic Trade Integration Study
EAC	East African Community
EAC-PF	East African Community Partnership Funds
EC	European Commission
ECDPM	European Centre for Development Policy Management
EEP	Energy and Environment Partnership
EIF	Enhanced Integrated Framework
EPA	Economic Partnership Agreement
EU	European Union
FAC	Foreign Affairs Committee
FGD	Focus Group Discussion
Finnfund	Finnish Fund for Industrial Cooperation
Finnpartnership	Finnish Business Partnership Programme
FORMIS	Development of Management Information System for the Forest Sector (Vietnam)
FSDP	Financial Sector Development Plan (Zambia)
FSSP	Forest Sector Support Programme and Partnership
FTA	Free Trade Agreement
FVA	Finnish Value Added
GDP	Gross Domestic Product
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
HQ	Headquarters
ICI	Institutional Cooperation Instrument
ICT	Information and Communication Technology
ICTSD	International Centre for Trade and Sustainable Development
IDLO	International Development Law Organisation
IFC	International Finance Corporation
ILO	International Labour Organization
IPP	Innovation Partnership Programme (Vietnam)
ITC	International Trade Centre

KEO	Kehityspoliittinen osasto (Department for Development Policy, MFA)
KII	Key Informant Interview
KPO	Kauppareliittinen osasto (Department for External Economic Relations, MFA)
LCF	Local Cooperation Fund (PYM in the Finnish text)
LDC	Least-developed Country
LMDG	Like-minded Donor Group
M&E	Monitoring and Evaluation
MDG	Millennium Development Goal
MDTF-TD	Multi-donor Trust Fund for Trade and Development
MEE	Ministry of Employment and the Economy of Finland
MFA	Ministry for Foreign Affairs of Finland
MPDF	Mekong Private Sector Development Facility
MRC	Mekong River Commission
NAPA	National Adaptation Plan of Action
NGO	Non-governmental Organisation
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PALWECO	Programme for Agriculture and Livelihoods in Western Communities (Kenya)
PCD	Policy Coherence for Development
PDR	People's Democratic Republic
PLARD	Programme for Luapula Agricultural and Rural Development (Zambia)
PROPEMCE	Enhancing Small Enterprise Growth of Nicaragua through the Development of Existing Value Chains (Nicaragua)
PSD	Private Sector Development
PSDRP	Private Sector Development Reform Programme (Zambia)
RBM	Results-based Management
SADC	Southern African Development Community
SAFIPA	South Africa–Finland Knowledge Partnership on ICT
SAIS	Southern Africa Innovation Support System
Sida	Swedish International Development Cooperation Agency
SMART	Specific, Measurable, Agreed/Appropriate, Relevant, Time-bound
SMEs	Small and Medium Enterprises
SNV	Netherlands Development Organisation
STDF	Standards and Trade Development Facility
SUFORD	Sustainable Forestry for Rural Development (Lao PDR)
SWAp	Sector-wide Approach
TDF	Trade Development Facility (Lao PDR)
TFF	Trust Fund for Forests (Vietnam)
ToR	Terms of Reference
TRA	Trade-related Assistance
TTIS	Tanzania Trade Integration Strategy
UK	United Kingdom

UM	Utrikesministeriet (in Swedish) and Ulkoasiainministeriö (in Finnish text)
UN	United Nations
UNCTAD	UN Conference on Trade and Development
UNDP	UN Development Programme
UNIDO	UN Industrial Development Organization
WEI	Wider Europe Initiative
WTO	World Trade Organization
ZAM	Zambia Association of Manufacturers





# Suomen Kauppaa tukevan Kehitysyhteistyön Evaluointi

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## TIIVISTELMÄ

Tämän evaluoinnin tärkein tavoite on antaa kokonaiskuva Suomen kauppaa tukevasta kehitysyhteistyöstä (Aid for Trade, AfT), jossa noudatetaan Kauppaa tukevan kehitysyhteistyön toimintasuunnitelmaa vuosille 2008–2011. Evaluoinnissa arvioidaan toimintasuunnitelman toteuttamiskelpoisuutta ja sitä, josko suunnitelman odotukset ja tavoitteet saavutettu, samoin kuin Suomen AfT-kokonaisuuden laatua. Evaluoinnissa annetaan myös suosituksia seurantatoimista ja siitä, miten Suomen kauppaa tukevan kehitysyhteistyön politiikkaa ja tukea kehitetään vuoden 2011 jälkeen. Siinä keskitytään strategia-, politiikka- ja ohjelmointitasoon, sisäisesti ja ulkoisesti, ja se kattaa sekä AfT:n suppean että laajan määritelmän, jotka on esitetty toimintasuunnitelmassa. Työryhmä tarkasteli hanke- ja ohjelma-asiakirjojen otosta ja haastatteli perusteellisesti ulkoasiainministeriön henkilökuntaa, kumppanimaiden sidosryhmien edustajia sekä kansainvälisten ja monenkeskisten järjestöjen edustajia.

Yksi keskeisistä tuloksista oli se, ettei AfT-ajattelu ole valtavirtaistunut kaikkiin sektori- tai teemakohtaisiin hankkeisiin ja ohjelmiin, jotka on luokiteltu AfT:hen kuuluviksi. Huomattavassa osassa näitä ei ole kauppaan liittyviä tavoitteita tai tuloksia. Yksi tärkeimmistä syistä on se, että AfT:n laajemman määritelmän piiriin kuuluvien hankkeiden ja ohjelmien ja mahdollisten kauppaan liittyvien tulosten välisiä yhteyksiä joko ei ole ymmärretty oikein tai niitä ei pidetä merkittävänä. Itse asiassa ulkoasiainministeriön henkilökunta edustustoissa ja hankkeiden toteuttajat eivät pidä monia AfT:ksi luokiteltuja hankkeita sellaisina. AfT:n määritelmän ja tavoitteiden selkeyttämiseksi on tärkeää laatia selkeämmät käsitteelliset puitteet; tästä on hyötyä myös ohjattaessa sellaisen avun suunnittelua, toteutusta, seurantaa ja evaluointia, jolla on tarkoitus parantaa kauppaan liittyviä tuloksia. Lisäksi tällaiset käsitteelliset puitteet tarjoaisivat tilaisuuden luoda selkeämpiä yhteyksiä AfT:n, kaupan, kasvun, köyhyyden vähentämisen ja kestäväen kehityksen välille.

*Avainsanat:* Kauppaa tukeva kehitysyhteistyö, avun muodot, tuotannollisen kapasiteetin kehittäminen, taloudellinen infrastruktuuri, evaluointi

## Utvärdering av Finlands handelsrelaterade Utvecklingssamarbete

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### ABSTRAKT

Huvudsyftet med denna utvärdering är att ge en övergripande bild av Finlands handelsrelaterade utvecklingssamarbete utifrån handlingsplanen för handelsrelaterat utvecklingssamarbete (2008–2011). I utvärderingen bedöms handlingsplanens bärkraft och om förväntningarna och målen uppnåtts samt kvaliteten på Finlands handelsrelaterade bistånd. Utvärderingsrapporten innehåller rekommendationer om uppföljande åtgärder för utveckling av politiken och stödet för Finlands handelsrelaterade utvecklingssamarbete bortom 2011. Utvärderingen fokuserar på strategin, politiken och programmen, internt och externt, och den omfattar både den smala och den breda definitionen av handelsrelaterat utvecklingssamarbete enligt definitionen i handlingsplanen. Utvärderingsgruppen granskade ett urval av projekt och programdokument samt genomförde omfattande intervjuer med personal på Utrikesministeriet, intressenter i partnerländerna och företrädare för internationella och multilaterala organisationer.

Ett centralt resultat i utvärderingen är att det handelsrelaterade tänkandet inte är integrerat i alla sektorsvisa/tematiska projekt och program som klassificerats som handelsrelaterat utvecklingssamarbete. En betydande andel av dessa saknar handelsrelaterade mål eller utfall. En av huvudorsakerna till detta är att länken mellan de projekt och program som definierats som handelsrelaterat utvecklingssamarbete och de potentiella resultaten i ländernas handel inte förstås tillräckligt väl eller att den inte anses som viktig. Många projekt i kategorin handelsrelaterat utvecklingssamarbete betraktas inte som sådana av ambassadpersonalen eller av dem som genomför projekten. För att få en klarare definition av handelsrelaterat utvecklingssamarbete och dess mål är det viktigt att fastställa en tydligare begreppsmässig ram. Den kan också tillgodogöras vid planering, genomförande, uppföljning och utvärdering av bistånd som syftar till att förbättra utfallet av handelsrelaterade insatser. En sådan begreppsmässig ram skul-

le dessutom ge möjlighet till tydligare sammanlänkning av handelsrelaterat utvecklingssamarbete, handel, tillväxt, fattigdomsbekämpning och hållbar utveckling.

*Nyckelord:* Handelsrelaterat utvecklingssamarbete, biståndsformer, uppbyggnad av produktionskapacitet, ekonomisk infrastruktur, utvärdering

## Evaluation of Finnish Aid for Trade

*Kate Bird, Liz Turner, Laura Rovamaa, Maria Suokko and Joseph Muraguri Gathii,  
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### ABSTRACT

The main objective of this evaluation is to provide the overall picture of Finland's Aid for Trade (AfT), as guided by the AfT Action Plan (2008-2011). It assesses the viability of the Action Plan and whether it has achieved its expectations and objectives, as well as the quality of Finland's AfT portfolio, providing recommendations for follow-up actions and measures on how to develop further policy and support for Finland's AfT beyond 2011. The evaluation focuses on the strategic, policy and programming level, internally and externally, and covers both narrow and broad definitions of AfT, as defined in the Action Plan. The team reviewed a sample of project and programme documents and undertook extensive interviews with Ministry for Foreign Affairs (MFA) staff, partner country stakeholders and representatives of international and multilateral organisations.

One of the key findings is that AfT thinking is not mainstreamed across sectoral/thematic projects and programmes classified as AfT. A significant proportion of these do not have trade-related objectives or outcomes. One of the main reasons for this is that linkages between projects/programmes defined as wider AfT and potential trade outcomes are either not well understood or not considered important. In fact, many projects tagged as AfT are not considered as such by MFA staff in embassies or project implementers. In order to clarify the definition and objectives of AfT, it is important to establish a clearer conceptual framework; this will also be useful in guiding the design, implementation and monitoring and evaluation of aid intended to improve trade-related outcomes. Moreover, such a conceptual framework would provide the opportunity to make clearer linkages between AfT, trade, growth, poverty reduction and sustainable development.

*Key words:* Aid for Trade, aid modalities, building productive capacity, economic infrastructure, evaluation

## YHTEENVETO

### Johdanto

Kauppaa tukevan kehitysyhteistyön (Aid for Trade, AfT) tavoitteena on lisätä kehitysmaiden viemien tuotteiden määrää ja arvoa, edistää maiden integroitumista monenkeskiseen kauppajärjestelmään ja antaa niille mahdollisuuksia hyötyä markkinoille pääsyn helpottamisesta. Euroopan unionin (EU) ja Maailman kauppajärjestön (WTO) määritelmän mukaan AfT sisältää ”kauppapolitiikan ja säännöt” ja ”kaupan kehittämisen” (niin kutsuttu suppea AfT), tuotantopuolelle annettavan tuen (eli ”taloudellisen infrastruktuurin” ja ”tuotannollisen kapasiteetin kehittämisen”) (laaja AfT) sekä ”kauppaan liittyvät sopeutumiskustannukset”. Suomen tuki AfT:lle sisältää toimia, jotka kuuluvat kaikkien AfT-kategorioiden piiriin kauppaan liittyvää sopeutumista lukuun ottamatta.

Kansainvälisesti sovitut ja sovellettavat AfT-kategoriat kattavat seuraavat osa-alueet:

**Kauppapolitiikka ja säännöt:** kauppapolitiikka ja hallinto; kaupankäynnin helpottaminen; alueelliset kauppasopimukset; monenkeskiset kauppaneuvottelut sekä kaupankäyntiin liittyvä koulutus

**Taloudellinen infrastruktuuri:** kuljetus ja varastointi, viestintä sekä energian tuottaminen

**Tuotannollisen kapasiteetin kehittäminen:** liiketoiminta- ja muut palvelut; pankki- ja rahoituspalvelut; maatalous; metsätalous; kalatalous; teollisuus; mineraalivarat ja kaivostoiminta sekä matkailu

**Kauppaan liittyvä sopeutuminen**

Suomen AfT:n kokonaistavoite on kehittää kehitysmaiden tuotannollista kapasiteettia ja kaupankäyntivalmiuksia, jotta ne voivat paremmin integroitua maailmantalouteen. Se auttaa monenkeskisten (esim. WTO:n), alueellisten (EU:n ja AKT:n talouskumppanuussopimukset) ja kahdenvälisten kauppasopimusten mukanaan tuomien mahdollisuuksien ja haasteiden käsittelyssä ja sen varmistamisessa, että nämä tuovat köyhille maille todellisia kehityshyötyjä, jotka ovat kestäviä sekä luonnontaloudellisesti että yhteiskunnallisesti.

Suomen AfT-toimintasuunnitelman linjausten mukaan Suomen AfT-yhteistyö on jaettu neljään kattavaan kokonaisuuteen:

**Teemat** (yksityinen sektori, tietoyhteiskunta ja ympäristö sekä läpileikkaavat teemat)

**Sektorit** (maatalous, metsä ja energia)

**Tukikategoriat** (katso jäljempänä laatikko 1)

**Maantieteelliset painotukset** (maat, alueet ja monenkeskinen yhteistyö)

Tässä raportissa esitellään Suomen AfT:stä tehdyn evaluoinnin tulokset, päätelmät ja suositukset. Kuten tehtävänmäärityksessä todetaan, **perusteena** on jakaa kokemuksia ja antaa käytännöllisiä, konkreettisia suosituksia seurantatoimista ja siitä, miten kehittää edelleen politiikkaa ja tukea Suomen kauppaa tukevalle kehitysyhteistyölle vuoden 2011 jälkeen. **Tarkoitus** on arvioida tämänhetkisen AfT-toimintasuunnitelman toteuttamiskelpoisuutta/soveltuvuutta ja analysoida, saavutetaanko sen tavoitteenasettelulla, organisaatorakenteella ja täytäntöönpanolla AfT:hen kohdistetut odotukset ja sen tavoitteet. Evaluoinnin **tärkein tavoite** on saada aikaan kokonaiskuva Suomen AfT:stä, jotta ulkoasiainministeriö voi edelleen parantaa ja kehittää sen roolia ja tuloksellisuutta.

## Metodologia

Työryhmä kehitti evaluointitaulukon (liite 3), joka perustuu tehtävänkuvauksessa (liite 1) esitettyihin yksityiskohtaisiin kysymyksiin. Sen avulla laadittiin muistilista haastatteluita varten. Haastateltavina oli ulkoasiainministeriön virkailijoita (Helsingissä ja edustustoissa), sidosryhmien edustajia Suomen kumppanimaissa ja kansainvälisten järjestöjen edustajia.

Evaluointiryhmä tarkasteli kattavasti kirjallisuutta (hanke- ja ohjelma-asiakirjoja, olennaisia poliittisia asiakirjoja ja teemakohtaisia evaluointeja), suoritti haastatteluja kumppanimaissa (Namibiassa, Tansaniassa ja Sambiassa Afrikassa; Laosin kansandemokraattisessa tasavallassa, Thaimaassa ja Vietnamin Aasiassa), vieraili kansainvälisissä ja monenkeskisissä järjestöissä ja Euroopan unionin (EU) toimielimissä Brysselissä ja Genevessä sekä järjesti tapaamisia Yhdistyneiden kansakuntien teollisen kehityksen järjestön (UNIDO) kanssa Hanoissa ja etäneuvotteluja UNIDOn (Wien) ja Taloudellisen yhteistyön ja kehityksen järjestön (OECD) (Pariisi) kanssa.

Otos hankkeista ja ohjelmista valittiin sen perusteella, miten hanke- ja ohjelma-asiakirjoja ja seurantatietoja oli saatavilla. Otos koostui yhteensä 34:stä itäisessä ja eteläisessä Afrikassa sekä Aasiassa toteutetusta (kahdenvälisestä, monenkeskisestä ja monen-kahdenvälisestä) hankkeesta ja ohjelmasta. Näistä 4 oli instituutioiden välisen kehitysyhteistyön instrumentin (IKI) puitteissa toteutettuja hankkeita, 11 oli monenkeskisten järjestöjen, 10 oli kahdenvälisiä, 1 oli monen-kahdenvälinen ja 5 oli alueellisia ohjelmia. Lisäksi arvioitiin yksityiskohtaisemmin neljää paikallisen yhteistyön määrärahoista (PYM) Sambiassa rahoitettua hanketta, samoin kuin yhtä Finnpartnershipin rahoittamaa, yhtä Finnfundin rahoittamaa sekä yhtä korkotukihanketta. Otos katsoi Suomen AfT:n tärkeimmät sektorit ja teemat ja noudatti myös AfT-toimintasuunnitelmassa määritettyä Suomen AfT:n maantieteellistä painotusta.

## Kauppaa tukevan kehitysyhteistyön toimintasuunnitelma

AfT-toimintasuunnitelman keskeinen tavoite on tutustuttaa ulkoasiainministeriön ja edustustojen henkilökunta AfT:hen ja valtavirtaistaa AfT-ajattelu organisaation kaikkien toimintaan. Monet haastatelluista ulkoasiainministeriön ja edustustojen työntekijöistä katsovat, että AfT-toimintasuunnitelma on hyödyllinen viestintä- ja vaikutustyökalu ja on auttanut levittämään tietoa AfT:stä ulkoasiainministeriön sisällä ja edustustoissa. Asiakirja tarjoaa reunaehdot AfT-tuelle kategorioiden, teemojen ja sektorien osalta ja on siten arvokasta tietoa antava työkalu tulevan AfT:n määrittelyssä ja suunnittelussa, esimerkiksi mitä tulee tuettavien toimien laatuun, toteuttajakumppaneiden valintaan ja maantieteelliseen painotukseen. Siinä on myös kriteerit AfT-tuelle (muistilistan kysymysten muodossa) sellaisia mahdollisia toteuttajajärjestöjä ja avunsaajia varten, jotka saattavat hakea rahoitusta Suomelta. Muistilista antaa mahdollisuuden verrata hankkeita/ohjelmia sen arvioimiseksi, täyttävätkö ne AfT-kriteerit. Monet niistä kauppa ja kehitys -järjestöistä, jotka saavat tukea kauppapolitiikan ja sääntöjen (ja kaupan kehittämisen) puitteissa, ovat käyttäneet suunnitelmaa ohjaamaan hanke-ehdotusten laatimista, kun taas edustustot joissakin kumppanimaissa ovat käyttäneet sitä ymmärtääkseen paremmin niitä laajoja reunaehtoja, joiden puitteissa AfT-tukea pitäisi antaa.

AfT-toimintasuunnitelmassa luetellaan joukko tehtäviä. Niissä onnistumisesta on säännöllisesti raportoitu AfT-toimenpidetaulukon avulla, jossa myös luetellaan Suomen AfT:ksi luokitellut hankkeet ja ohjelmat. AfT-toimintasuunnitelmassa ei kuitenkaan ole tarkkaan määriteltyjä ja laskettavissa olevia tulosten ja tuotoksen tason indikaattoreita, joiden avulla edistystä voitaisiin mitata. Viestintätyökalussa tällaisia mitattavissa olevia indikaattoreita ja päämääriä ei välttämättä tarvita, koska niitä kehitetään tavallisesti hanke- ja ohjelmatasolla. Koska kyse kuitenkin on toimintasuunnitelmasta, tällaiset odotetut kokonaistulokset ja niihin liittyvät indikaattorit ja päämäärät olisivat hyödyllisiä ohjattaessa AfT-hankkeiden suunnittelua ja toteutusta. Mitattavissa olevien tavoitteiden puuttuminen (rahoitustavoitetta lukuun ottamatta) AfT-toimintasuunnitelmasta saa aikaan sen, että vastuu toiminnan tuloksista on rajallinen.

Ulkoasiainministeriön ja edustustojen henkilökunnan haastatteluista kävi ilmi, että nykyinen AfT-toimintasuunnitelma on saanut aikaan edistystä parantamalla AfT:n tuntemusta, erityisesti ulkoasiainministeriön sisällä ja edustustoissa. Sen laatimiseen tarvittua prosessia pidettiin arvokkaana AfT:n tuntemuksen lisäämisen kannalta. Laaja sisäinen keskustelu AfT:n roolista Suomen kehitysyhteistyössä sai aikaan joukon tärkeitä sisäisiä väittelyitä ja käynnisti prosessin, jonka aikana muodostui yhteinen käsitys AfT:stä. Sen myötä korostui myös panos, jonka tietyt sektorit ja erikoisalajat voivat antaa tarjottaessa kumppanimaille mahdollisuuksia kehittyä taloudellisesti ja osallistua tehokkaammin kansainvälisille markkinoille.

Maa- ja aluekohtaisten ohjelmien suunnittelussa otetaan kuitenkin harvoin huomioon ensisijaisesti AfT-näkökulma. Toisin sanoen maa- ja aluekohtaisten ohjelmien kehittäminen alkaa harvoin esimerkiksi siitä, että arvioidaan kauppaa ja parempaa integroitu-

mista maailmanmarkkinoille sitovia rajoituksia. Tämä lähestymistapa ei tue sellaisen strategisen ja yhtenäisen ajattelun kehittymistä, jolla varmistetaan Suomen kehitysyhteistyölle suurin mahdollinen vaikutus kumppanimaiden mahdollisuuksiin hyötyä kansainvälisestä kaupasta. Laadittaessa uutta AfT-toimintasuunnitelmaa (tai vastaavaa asiakirjaa) on esitettävä käsitteelliset puitteet, joissa hahmotellaan tavoitteet ja tulokset (ja miten ne saavutetaan) ja jotka sisältävät muutamia keskeisiä ylätasoindikaattoreita ja päämääriä (tulostasolla). Näin saataisiin arvokasta apua hanke- ja ohjelmasuunnitteluun ja tuettaisiin samalla sekä Suomen AfT:ltä odotettujen ylemmän tason tulosten määrittämistä että Suomen tukea AfT:lle koskevaa yhdennettyä ja yhtenäistä lähestymistapaa.

## **Kauppaa tukevan kehitysyhteistyön hankkeet ja ohjelmat**

Vuosina 2006–2014 Suomen kehitysyhteistyökokonaisuuteen kuuluu yli 90 hanketta ja ohjelmaa, joiden painopisteenä on vähintään yksi AfT-kategorioista. Lisäksi Finnpartnership, Finnfund, paikallisen yhteistyön määrärahat (PYM), korkotukihankkeet ja kansalaisjärjestöyhteistyö sisältävät kaikki AfT-elementtejä. Näistä hankkeista ja ohjelmista noin 80 % toteutetaan kahdenvälisesti ja muut monenkeskisten, kansainvälisten tai alueellisten järjestöjen (esim. YK:n ja Maailmanpankin) kautta. Yli puolet kahdenvälisistä hankkeista ja ohjelmista toteutetaan Afrikassa. Tuotannollisen kapasiteetin kehittäminen on AfT-hankkeiden ja ohjelmien merkittävin painopistealue (se sisältyy niistä 60 prosenttiin). Seuraavaksi tärkein on taloudellinen infrastruktuuri (yli 40 %), jota seuraavat kaupan kehittäminen (yli 20 %) sekä kauppapolitiikka ja säännöt (lähes 20 %). Ainoastaan yksi hanke on luokiteltu pelkkää kaupan kehittämistä koskevaksi. Kaupan kehittämiseen luokitelluista hankkeista ja ohjelmista lähes puolet on luokiteltu myös kauppapolitiikkaan ja sääntöihin kuuluviksi, ja osa on myös luokiteltu tuotannollisen kapasiteetin kehittämiseen ja taloudelliseen infrastruktuuriin kuuluviksi. Valtaosa Suomen kauppapolitiikkaa ja sääntöjä koskevasta AfT:stä kanavoidaan monenkeskisten, kansainvälisten tai alueellisten järjestöjen kautta. Ainoastaan yhdessä kahdenvälisessä ohjelmassa painopisteenä on kauppapolitiikka ja säännöt (Sambian yksityisen sektorin kehittämisohjelma PSDRP). Sambian PSDRP-ohjelma on myös ainoa esimerkki kahdenvälisestä ohjelmasta, joka kattaa AfT:n kaikki alueet (kauppaan liittyvää sopeutumista lukuun ottamatta).

## **Keskeiset tulokset**

### **Johdonmukaisuus**

Suomi on ponnistellut huomattavasti varmistaakseen johdonmukaisuuden kehitysyhteistyöpolitiikkansa, muiden politiikkojen/strategioiden (kuten kaupan) ja AfT-toimintasuunnitelman välillä. Suomen kehitysyhteistyön kokonaistavoitteet, jotka on esitetty kehityspoliittisessa ohjelmassa 2007, on vahvistettu AfT-toimintasuunnitelmasa. Sekä kehityspoliittisessa ohjelmassa 2007 että AfT-toimintasuunnitelmasa esitetyt kauppaan ja AfT:hen liittyvät kokonaistavoitteet ovat yhtenäisiä ja yhdenmukaisia. Jokaisessa asiakirjassa esimerkiksi korostetaan luonnontaloudellisen ja yhteiskunnallisen



kestävyyden periaatteisiin perustuvan kansainvälisen kaupan merkitystä talouskasvulle ja köyhyyden vähentämiseksi. Kehityspoliittisella ohjelmalla 2007 ja AfT-toimintasuunnitelmalla on samankaltaisia kauppaan liittyviä tavoitteita, joihin kuuluvat yksityisen sektorin ja yrittäjyyden tukeminen, mahdollistavan ympäristön luominen, parempien työpaikkojen luominen sekä kehitysmaiden valmiuksien parantaminen kauppaneuvotteluihin ja -sopimuksiin osallistumisen ja niistä hyötymisen osalta.

Lisäksi työ- ja elinkeinoministeriöllä on strategia Suomen kehityspoliittisen ohjelman 2007 toteuttamiseksi. Strategian tärkein tavoite on tukea kehitysmaita vahvojen työvoima- ja teollisuuspolitiikkojen kehittämisessä. Sen avulla edistetään Suomen talouden kansainvälistymistä sekä talouden ja hyvinvoinnin kehittymistä sekä Suomessa että kehitysmaissa. Kokonaistavoitteet ovat suurelta osin yhtenäisiä ja yhdenmukaisia AfT-toimintasuunnitelman kanssa. Molemmissa korostetaan suomalaisten yritysten merkitystä kehitysmaiden taloudellisen kehityksen edistämiseksi esimerkiksi liiketoimintakumppanuuksien avulla.

Mitä tulee johdonmukaisuuteen kansainvälisten sitoumusten kanssa, Suomen tavoite lisätä AfT:n määrää ja laatua köyhyyden vähentämisen ja luonnontaloudellisesti ja yhteiskunnallisesti kestäväen kehityksen edistämiseksi on täysin EU:n AfT-strategian mukainen. Huomattava osa Suomen AfT-hankkeista ja -ohjelmista (sekä kahdenvälisistä että monenkeskisistä) sisältää köyhyyden vähentämiseen liittyviä tavoitteita, ja monella on selkeät tavoitteet (luonnontaloudellisen, yhteiskunnallisen ja taloudellisen) kestäväyden varmistamiseksi. Suomen AfT:n ja EU:n AfT-strategian välinen johdonmukaisuus perustuu pitkälti Suomen aktiiviseen rooliin EU:n AfT-strategian laatimisessa etenkin sen ollessa EU:n puheenjohtajavaltiona vuonna 2006.

Vaikka johdonmukaisuus poliittisella ja strategisella tasolla on ilmeistä, se ei aina johda johdonmukaisuuteen AfT-hankkeiden ja ohjelmien ja niihin liittyvien politiikkojen ja strategioiden välillä. Tämä saattaa osittain selittyä sillä, että poliittisissa ja strategisissa asiakirjoissa esitetään ylätasoinen visio, jota ei välttämättä muokata kenttätason toimia varten hienojakoisemmalla strategisella ohjauksella.

### **Yhteensovittaminen**

Monissa tapauksissa Suomen kahdenvälinen yhteistyö on sovitettu hyvin yhteen kansallisten kehitysstrategioiden kanssa sektorituen kohdentamista koskevien kahdenvälisen kuulemisten ja neuvottelujen prosessin ansiosta. Merkittävä osa Suomen AfT:stä ei kuitenkaan perustu kahdenvälisiin kuulemisiin ja neuvotteluihin. Lisäksi joukko Suomen AfT:ksi luokittelemia hankkeita ja ohjelmia ei selkeästi sisällä kauppaan liittyviä toimia tai tuloksia, ja näin ollen on vaikeaa arvioida, otetaanko niissä huomioon kumppanimaan kauppaan liittyvät prioriteetit.

Osana evaluointia tarkastelluissa kumppanimaissa (Sambia, Tansania, Namibia, Thaimaa, Laos ja Vietnam) on esimerkkejä yhteensovittamisesta esimerkiksi siellä, missä Suomi tukee ohjelmia, joita hallitus on kehittänyt muita sidosryhmiä kuullen, ja siellä, missä on käytössä korirahoitusjärjestelyjä (esimerkiksi Sambian yksityissektorin uudistusohjelma). Myös EIF:n puitteissa avunantajat ovat sovittaneet AfT-tukea (tai pyrki-

neet sovittamaan sitä) DTIS-kehityksen, kansallisesti kehitettyjen tarvearviointien ja kansallisten kehitysstrategioiden kauppaan liittyviin prioriteetteihin. Joissakin tapauksissa Suomen AfT-hankkeita ja -ohjelmia ei kuitenkaan ole sovitettu yhteen näiden prioriteettien kanssa.

Monenkeskisten ja kansainvälisten järjestöjen, erityisesti Genevestä käsin toimivien kauppa ja kehitys -järjestöjen (esimerkiksi UNCTADin), kanavoiman tuen osalta näyttö toimien sovittamisesta yhteen kansallisten prioriteettien kanssa on monissa tapauksissa vähäistä. Tämä johtuu osittain maatoimistojen puutteesta ja siitä, että monilla näistä järjestöistä on rajallinen valmius toteuttaa maakohtaisia tarvearviointeja tai perustaa prioriteettinsa olemassa oleviin tarvearviointeihin, erityisesti luonteeltaan maailmanlaajuisten hankkeiden ja ohjelmien kohdalla. Tämä seikka ei ole luonteenomainen Suomelle vaan pätee useimpiin kansainvälisiä/monenkeskisiä järjestöjä tukeviin avunantajiin.

### **Koordinointi (harmonisointi) ja täydentävyys**

Koordinoinnista muiden avunantajien kanssa voidaan sanoa, että Suomi osallistuu joihinkin ohjauskomiteoihin ja avunantajien konsultointiryhmiin (esimerkiksi Sambian Private Sector Development Donor Coordination Platform). Nämä yhteisjärjestelyt tarjoavat merkittäviä tilaisuuksia tiedonvaihtoon, yhteisen vision luomiseen sekä sopimiseen työnjaosta ja suhteellisesta edusta avunantajien välillä. Tämä auttaa vähentämään kumppanimaille monien avunantajien kanssa toimimisesta aiheutuvia transaktiokustannuksia.

Kenttätasolla yhteiset AfT-hankkeet ja -ohjelmat tai yhteiset rahoitusjärjestelyt perustuvat usein kumppanihallitusten tai muiden avunantajien aloitteisiin. Evaluoinnissa havaittiin vain joitakin esimerkkejä tapauksista, joissa Suomi on tehnyt aloitteen tällaisista yhteisistä järjestelyistä. Suomella on varaa laajentaa kumppanuuksiaan muiden avunantajien kanssa, sillä tämä tukisi koordinoitua ja maksimoisi samalla vaikutuksen yhdistämällä kaikkien AfT-kategorioiden rajalliset resurssit ja (mahdollisesti) vähentämällä transaktiokustannuksia.

Tarkasteltaessa Suomen AfT-toimien kokonaisuutta voidaan joukkoa AfT:ksi luokiteltuja hankkeita ja ohjelmia pitää ”kankaalle roiskittuina täplinä”, joita ei usein yhdistä kunnolla strateginen ajattelu niiden kokonaisvaikutuksesta kauppaan liittyviin ylemmän tason tuloksiin. Tästä voidaan päätellä, että Suomen AfT-toimien välille voidaan luoda huomattavasti lisää synergioita. Toimintaa tukemaan tarvitaan uusi AfT-toimintasuunnitelma (tai vastaava asiakirja). Myös Suomen kahdenvälisen ja monenkeskisen tuen välisten yhteyksien luomiselle on huomattavia mahdollisuuksia (erityisesti tukemalla kauppa ja kehitys -järjestöjä kauppapolitiikkaan ja sääntöihin liittyvällä tuella). Tässä yhteydessä voidaan lisätä kytköksiä ja varmistaa niiden tukevan toisiaan eri tukimuotojen välisten synergioiden lisäämiseksi. Kuten edellä mainittiin, tämä seikka ei ole luonteenomainen Suomelle vaan pätee useimpiin kansainvälisiä/monenkeskisiä järjestöjä tukeviin avunantajiin. Tällä hetkellä huomattava osuus kumppanimaissa toteutettavista monenkeskisistä (tai monen-kahdenvälisistä) hankkeista ja ohjelmista ei ole Suomen edustuston henkilökunnan tiedossa, mikä heikentää yhtenäisen ajattelun

potentiaalia ja täydentävyyksien kehittämistä ja kertoo huomattavasta käyttämättömästä potentiaalista. Kahdenvälisellä tasolla yhteyksien luominen monenkeskisen ja kahdenvälisen tuen välille tapahtuu toteuttajajärjestöjen ja avunsaajien aloitteesta (esimerkiksi ILO:n aloitteesta Sambiassa).

### **Suomalainen lisäarvo**

Evaluoinnin tulokset osoittavat Suomen osallistuneen muihin avunantajiin verrattuna suhteellisen aktiivisesti kansainväliseen AfT-aloitteeseen, niin WTO:n ja OECD:n yhteiseen AfT-aloitteeseen kuin EU:n AfT-strategian laatimiseenkin. OECD:n AfT-työohjelmaan Suomi on antanut merkittävän henkisen panoksen. Lisäksi ulkoasiainministeriön virkailijat ovat antaneet henkisen panoksensa monenkeskisen tuen suunnitteluun ja toteutukseen. Osana evaluointia tehtyjen haastattelujen tuloksista käy ilmi, että panos on ollut erittäin arvostettu, erityisesti sen sitoutumisen luonne, joka usein seuraa toistuvaa prosessia. Sen yhteydessä ulkoasiainministeriön virkailijat ovat antaneet rakentavia kommentteja ja palautetta tukitoimien potentiaalisen tuloksellisuuden parantamiseksi erityisesti suunnitteluprosessin kautta.

Monet haastatelluista katsovat Suomella olevan kansainvälisesti tunnustettua osaamista seuraavilla aloilla: metsätalous, maatalous, kestävä energia, vesihuolto ja vesivarojen hallinta, ympäristön ja luonnonvarojen hallinta (geologia ja geologiset mittaukset mukaan lukien), puhdas teknologia, sosiaalihuolto, terveys sekä tieto- ja viestintätekniikka ja tietoyhteiskunta. Suomi on myös yhdistetty innovatiivisiin tapoihin työskennellä yksityisen sektorin kanssa (esimerkiksi Finnpartnership, Base of the Pyramid -malli ja InfoDev).

Maatasolla Suomen lähestymistapa, johon kuuluu työskentely pitkäaikaisten kumppanimaiden kanssa vain muutamilla keskeisillä sektoreilla, on sallinut hyödyllisen erikoistumisasteen. Suuri osa Suomen AfT:stä on keskitetty aloille, joilla Suomella katsotaan olevan suhteellinen etu – sekä kotona että kentällä. Keskeisten alojen sisällä pyritään tunnistamaan erityisaloja, joilla pienemmät suomalaiset AfT-toimet voivat vaikuttaa.

Käsite ”suomalainen lisäarvo” on kuitenkin tehnyt arvioinnista melko haastavaa. Monille sidosryhmille on epäselvää, viittaako suomalainen lisäarvo suomalaisen asiantuntimuksen käyttöön teknisen avun antamiseksi kumppanimaille, mahdollisuuksien luomiseen suomalaisille yrityksille uusilla markkinoilla vai suomalaisten arvojen soveltamiseen kehitysyhteistyössä esimerkiksi tukemalla hyvää hallintoa ja oikeusvaltiota, missä Suomella on erityisen hyvä maine. Jotkut haastatelluista maatasolla tunnistivat jännitteen yhtäältä teknisen avun (suomalaisten asiantuntijoiden) tarjoamisen ja suomalaisille yrityksille luotavien mahdollisuuksien ja toisaalta institutionaalisen kestävyys- ja kustannustehokkaan kehitysavun tukemisen välillä. Käsitteen selkeämpi ja paremmin viestitty määritelmä auttaisi AfT:n (ja julkisen kehitysavun yleisemmin) tuloksellisuuden arvioimisessa ja myös käytännön toimijoiden tukemisessa hankkeiden ja ohjelmien tuloksellisemmassa toteuttamisessa.

## **Läpileikkaavat teemat**

Läpileikkaavien teemojen (esimerkiksi sukupuoli, syrjäytetyt ryhmät, tasa-arvo, ympäristö ja HIV/AIDS) sisällyttäminen toimintaan on olennainen osa Suomen kehitysyhteistyötä. Suomi käsittelee läpileikkaavia teemoja poliittisessa vuoropuhelussa pitkäaikaisen kumppanimaidensa kanssa ja on tukenut esimerkiksi Maailmanpankin sukupuolten tasa-arvoa edistävän toimintasuunnitelman ”Gender Equality as Smart Economics” kehittämistä. Ulkoasiainministeriö pyrkii tukemaan läpileikkaavien teemojen valtavirtaistamista kaikkiin AfT-toimiin analysoimalla läpileikkaavia teemoja hanke- ja ohjelmakehityksessä sen varmistamiseksi, että tukitoimilla todella puututaan sukupuolten tasa-arvon kaltaisiin teemoihin. Hankkeiden ja ohjelmien määrittämisestä ja suunnittelusta vastaavilla työryhmillä ei kuitenkaan välttämättä ole läpileikkaavista teemoista asiantuntemusta, joka takaisi niiden asianmukaisen valtavirtaistamisen kaikkiin tukitoimiin. Tästä voidaan päätellä, että suunnitteluvaiheessa tarvitaan enemmän ohjausta (esimerkiksi sellaisten hankemallien kehittämistä, jotka edellyttävät läpileikkaavien teemojen täysimääräistä huomioon ottamista esimerkiksi asianmukaisten indikaattoreiden avulla) sekä ministeriön sisäisiä neuvontavalmiuksia.

Suomi antaa ensisijaisen aseman ilmastonmuutokseen sopeutumiselle kaikessa kehitysyhteistyössään, ja tämä on ala, jolla yhteistyötä voidaan laajentaa. Suomen AfT voitaisiin kuitenkin ankkuroida vahvemmin ilmastonmuutosta koskevaan toimintaan siten, että AfT:tä ja ilmastonmuutokseen liittyviä tukitoimia suunniteltaisiin ja toteutettaisiin toinen toistaan vahvistaen.

## **Avun muodot**

Suhteellisen pienenä avunantajana Suomen on toimittava strategisesti suunnitellun tukitoimien kohdealueita saadakseen aikaan mahdollisimman suuren vaikutuksen kentällä. Suomen AfT-toimien toteutuksessa käytetään tällä hetkellä erittäin monenlaisia avun muotoja.

Suomi keskittää resurssit valikoituun joukkoon maita, sektoreita ja teemoja. Suomen AfT-toimien kokonaisuuteen kuuluu suuri joukko suhteellisen pieniä tukitoimia (alle 200 000 euroa vuodessa), ja kokonaisuus vaikuttaa hiukan hajanaiselta, sillä osa toimista ei ole yhteydessä toisiinsa eikä niillä pyritä yhtenäisesti ylemmän tason kokonaistuloksiin. Rahoitusvirran kasvattamiseen on kuitenkin pyritty yhteisrahoituksella (esimerkiksi EIF, Sambian PSDRP, Vietnamin Trust Fund for Forestry ja The Mekong Private Sector Development Facility) Suomen kehitysyhteistyön vaikutuksen kasvattamiseksi mahdollisimman suureksi rajoittaen samalla avunsaajiin kohdistuvaa taakkaa.

AfT-toimintasuunnitelman mukaan rahoitus monenkeskisille toimijoille pitäisi keskittää ”suurempiin paketteihin”, mutta Suomen AfT-toimia tarkasteltaessa käy ilmi, että resurssit on edelleen hajautettu suureen määrään tukitoimia (erityisesti kauppapolitiikan ja sääntöjen alalla). Kahdenvälisiin toimiin sisältyy edelleen lukuisia pienimuotoisia hankkeita, ja parempaa edistystä voitaisiin saada aikaan harvemmillä, suuremmilla ja parempilaatuisilla hankkeilla, joissa varoja ohjattaisiin enemmän niiden yhteisten rahoitusjärjestelyjen ja monenkeskisten kanavien kautta, jotka katsotaan tuloksellisiksi.

Maatason henkilöstö kertoo tekevänsä valintoja käytettävien avun muotojen ”työkalupakista” AfT:tä toteuttaessaan (esimerkiksi Namibiassa), mutta Helsingistä käsin toimivat sidosryhmät kommentoivat rajoituksia, joita nykyinen työkalupakki asettaa sellaisille yhteistyömuodoille, jotka tuovat yhteen hallitukset, yksityisen sektorin ja/tai kansalaisyhteiskunnan kumppanit. Tämä asettaa haasteen innovatiivisten tukitoimien ja myös joidenkin kokeellisten tukitoimien (esimerkiksi Mekongin energia- ja ympäristökumppanuusohjelma tai innovaatiokumppanuusohjelma) toteutukselle. Tällaisissa toimissa voidaan löytää jännittäviä uusia lähestymistapoja tuomalla yksityinen sektori yhteen muiden toimijoiden kanssa.

### **Neuvonta**

Ulkoasiainministeriön sektorikohtaisilla ja poliittisilla neuvonantajilla (ulkoasiainministeriön AfT-työryhmä mukaan lukien) on huomattavat tekniset taidot omilla aloillaan, mutta he ovat kovin kysytyjä ja heidän on siten oltava valikoivia sen suhteen, miten he mahdollisesti osallistuvat hankkeen eri vaiheisiin. Kilpailu henkilökunnan ajasta rajoittaa henkilökunnan valmiuksia kehittää AfT-kokonaisuuteen liittyviä johdonmukaisia lähestymistapoja. Tämä vähentää mahdollisuuksia tunnistaa synergioita, joiden avulla vaikutus kauppaan liittyviin tuloksiin voitaisiin kasvattaa mahdollisimman suureksi. Näin ollen ulkoasiainministeriön AfT-työryhmän laajentamisesta olisi hyötyä sen asiantuntemuksen syventämiseksi ja laajentamiseksi edelleen, mikä antaisi sille mahdollisuuden tarjota jatkuvampaa tukea AfT:hen liittyvien tukitoimien toteuttamisesta vastaavalle henkilökunnalle.

### **Kokemuksista oppiminen ja hyvien käytäntöjen jakaminen**

Jotkut yksittäiset neuvonantajat esittelevät hyviä käytäntöjä tietolomakkeissa. Tätä lähestymistapaa voitaisiin käyttää laajemmin. AfT:hen liittyviä työpajoja on järjestetty jonkin verran, ja niissä ulkoasiainministeriön virkailijoiden esitysten rinnalla AfT-hankkeiden ja -ohjelmien toteuttamiseen osallistuneet kumppanit ovat esitelleet kokemuksiaan. Osallistujat ovat arvioineet niitä, ja ne muodostavat perustan, jolta työtä voidaan kehittää. Muita tilaisuuksia kokemusten vaihtoon tarjoavat ulkoasiainministeriön ”kotimaanviikot” Helsingissä ja alueelliset tapahtumat. Tästä voidaan päätellä, että kokemuksista oppimista kyllä tapahtuu mutta että se on usein ad hoc -tyyppistä. Kokemusten jakaminen riippuu usein yksittäisten henkilöiden aloitteista ja viestinnästä heidän epävirallisten verkostojensa sisällä.

Kokemuksista oppiminen ja hyvien käytäntöjen jakaminen ovat erityisen tärkeitä silloin, kun innovatiivisia ja kokeellisia hankkeita ja ohjelmia käytetään uusiin teknologioihin perehtymiseen (esimerkiksi energia- ja ympäristöohjelma ja innovaatiokumppanuusohjelma), ja silloin, kun vaikuttaminen hallituksen politiikkaan ja muiden sidosryhmien käyttäytymiseen on ratkaisevaa tukitoimen tuloksellisuuden maksimoinnin kannalta (esimerkiksi kestävä maatalouden ja maaseutukehityksen hanke). Molemmantyyppisissä tilanteissa ratkaisevia vaikutuksen maksimoinnin kannalta ovat tehokas hanke-, ohjelma- ja maatason kokemuksista oppiminen, viestintä ja poliittisen sitoutumisen strategiat, jotka mahdollistavat onnistumisen moninkertaistamisen ja panokset kansalliseen poliittiseen keskusteluun maiden, alueiden ja sektorien välisen kokemuksista oppimisen rinnalla. Tällä hetkellä Suomen AfT-tukitoimiin ei kuitenkaan

järjestelmällisesti sisälly näitä osatekijöitä, mikä rajoittaa Suomen tuen potentiaalista tuloksellisuutta.

### **Kansainvälisiin kumppaneihin vaikuttaminen**

Suomi on vaikuttanut kansainvälisen AfT-toiminnan kehittämiseen osallistumalla aktiivisesti EU:n, OECD:n, WTO:n ja YK:n työhön. Suomi rahoittaa OECD:n AfT-työohjelmaa. Kuten edellä mainittiin, ulkoasiainministeriön henkilökunta on tarjonnut henkistä johtajuutta ja teknisen panoksen AfT-keskusteluihin OECD:ssä ja EU:ssa, erityisesti AfT:n määrällisen seurannan osalta, jonka kohdalla Suomi on ollut yksi avoimen ja yksinkertaisen mekanismin vahvimista puolustajista. Suomi on antanut merkittävän panoksen globaalin arviointimekanismin ja tuloksia koskevan toimintasuunnitelman hahmotteluun sekä jakanut kokemuksia (sekä hyvistä että huonoista käytännöistä).

## SAMMANFATTNING

### Inledning

Syftet med handelsrelaterat utvecklingssamarbete är att öka utvecklingsländernas export räknat i volym och värde, främja ländernas integrering i multilaterala handelssystem och skapa möjligheter för länderna att dra nytta av det utvidgade marknadstillträdet. Enligt Europeiska unionens (EU) och Världshandelsorganisationens (WTO) definition av handelsrelaterat utvecklingssamarbete omfattar det handelspolitik och reglering, handelsutveckling (s.k. smalt bistånd), stöd på utbudssidan genom uppbyggnad av ekonomisk infrastruktur och produktionskapacitet (brett bistånd) och kostnader för handelsrelaterad anpassning. Finlands stöd till handelsrelaterat utvecklingssamarbete omfattar åtgärder inom alla kategorier utom handelsrelaterad anpassning.

Internationellt avtalade och tillämpade kategorier av handelsrelaterat utvecklingssamarbete:

**Handelspolitik och reglering:** handelspolitik och förvaltning, främjande av handel, regionala handelsavtal, multilaterala handelsförhandlingar, handelsutbildning;

**Ekonomisk infrastruktur:** transport och lager, kommunikationer, energiproduktion;

**Uppbyggnad av produktionskapacitet:** företagstjänster och andra tjänster, bank- och finansiella tjänster, jordbruk, skogsbruk, fiske, industri, mineralresurser och gruvindustri, turism;

**Handelsrelaterad anpassning.**

Det övergripande syftet med Finlands handelsrelaterade utvecklingssamarbete är att stärka utvecklingsländernas handelsutbud och handelskapacitet, så att länderna blir mer integrerade i den globala ekonomin. Biståndet ska hjälpa länderna att tillvarata möjligheter och möta utmaningar som uppstår genom multilaterala (t.ex. WTO), regionala (t.ex. partnerskapsavtalet mellan EU och ACP) och bilaterala handelsavtal, så att utvecklingen ger fattiga länder påtagliga fördelar som är miljömässigt och socialt hållbara.

Enligt Finlands handlingsplan för handelsrelaterat utvecklingssamarbete indelas Finlands handelsrelaterade utvecklingssamarbete i fyra övergripande insatsområden:

**Teman** (privat sektor, informationssamhälle och miljö, genomgående teman)

**Sektorer** (jordbruk, skogsbruk och energi)

**Biståndskategorier** (se ruta 1 nedan)

**Geografiskt fokus** (länder, regioner och multilateralt samarbete).

I denna rapport framläggs resultat, slutsatser och rekommendationer relaterade till utvärderingen av Finlands handelsrelaterade utvecklingssamarbete. Enligt uppdragsvill-



koren är **grundtanken** med utvärderingen att sprida lärdomar som dragits och ge praktiska, konkreta rekommendationer om uppföljande åtgärder för att utveckla politiken och stödet för Finlands handelsrelaterade utvecklingssamarbete bortom 2011. **Målet** är att bedöma den nuvarande handlingsplanens bärkraft och ändamålsenlighet samt analysera om målen, det organisatoriska upplägget och genomförandet når upp till förväntningarna på Finlands handelsrelaterade utvecklingssamarbete och dess mål. **Huvudsyftet** med utvärderingen är att ge en övergripande bild av Finlands handelsrelaterade utvecklingssamarbete för att Utrikesministeriet (UM) ska kunna utveckla sin roll och effektivitet i detta arbete.

## Metodik

Utvärderingsgruppen tog fram en utvärderingsmatris (bilaga 3) utifrån de detaljerade frågorna i uppdragsvillkoren (bilaga 1). Matrisen låg till grund för en checklista som användes vid intervjuer med tjänstemän på UM (i Helsingfors och på ambassaderna), intressenter i Finlands partnerländer och företrädare för internationella organisationer.

Utvärderingsgruppen gjorde en omfattande genomgång av dokumentationen (inklusive projekt- och programdokument, relevanta politiska dokument och tematiska utvärderingar) jämsides med intervjuer i olika länder (Namibia, Tanzania och Zambia i Afrika och Laos, Thailand och Vietnam i Asien). Gruppen gjorde besök hos EU och internationella och multilaterala organisationer i Bryssel och Genève, hade möten med FN:s organisation för industriell utveckling (UNIDO) i Hanoi och telefonkonferenser med UNIDO i Wien och Organisationen för ekonomiskt samarbete och utveckling (OECD) i Paris.

Urvalet av projekt och program grundade sig på tillgången till projekt- och programdokument och information för uppföljning. Totalt analyserades 34 projekt eller program (bilaterala, multilaterala och multilaterala) för östra och södra Afrika samt Asien. Bland dessa fanns fyra ICI-projekt (Institutional Cooperation Instrument), elva multilaterala projekt, tio bilaterala projekt, ett multilateralt projekt och fem regionala program. Dessutom gjordes en mer utförlig granskning av fyra projekt finansierade genom lokala samlingsfonder (LCF) i Zambia och tre projekt med varsin typ av finansiering: Finnpartnership, Finnfund och förmånliga krediter. Urvalet täckte huvudområdena i Finlands handelsrelaterade utvecklingssamarbete i fråga om sektorer och teman och var även i linje med biståndets geografiska fokus enligt handlingsplanen.

## Handlingsplan för handelsrelaterat utvecklingssamarbete

Ett centralt syfte med handlingsplanen för handelsrelaterat utvecklingssamarbete är att göra samarbetet bekant för personalen på UM och ambassaderna och att integrera det handelsrelaterade biståndstänkandet i organisationen. Flera av de intervjuade på UM och ambassaderna ansåg att handlingsplanen är ett användbart verktyg för kom-



munikation och påverkan samt att den bidrar till ökad insikt om handelsrelaterat utvecklingssamarbete på UM och ambassaderna. Dokumentet anger kategorier, teman och sektorer i det handelsrelaterade utvecklingssamarbetet och är således ett värdefullt verktyg för information om hur framtida handelsrelaterade utvecklingsinsatser identifieras och planeras, bl.a. om vilka typer av insatser som får stöd, typer av samarbetspartner, geografiskt fokus osv. Handlingsplanen anger dessutom kriterier för handelsrelaterat utvecklingssamarbete (i form av en checklista med frågor) för potentiella genomförare och mottagare som söker finansiering från Finland. Som checklista ger den möjlighet till korsreferenser av projekt och program för bedömning av om de uppfyller kriterierna för handelsrelaterat utvecklingssamarbete. Många av de handels- och utvecklingsorganisationer som får stöd inom kategorin handelspolitik och reglering (och handelsutveckling) har använt planen som vägledning vid utarbetandet av projektförslag medan ambassader i vissa partnerländer hänvisat till den för att upplysa om de allmänna förutsättningarna för handelsrelaterat utvecklingssamarbete.

Handlingsplanen innehåller ett antal åtgärds punkter. Framstegen på dessa punkter har rapporterats regelbundet genom en åtgärds matris, som även tar upp projekt och program klassificerade som handelsrelaterat utvecklingssamarbete. Handlingsplanen saknar dock väldefinierade och kvantifierbara utfalls- och resultatindikatorer mot vilka framstegen kan mätas. Sådana kvantifierbara indikatorer och mål behövs inte nödvändigtvis som kommunikationsverktyg eftersom dessa normalt tas fram på projekt- och programnivå. Sammanställningar av förväntade resultat och sammanlänkade indikatorer och mål skulle dock vara användbara i en handlingsplan som vägledning för planering och genomförande av handelsrelaterade biståndsinsatser. Avsaknaden av mätbara mål (förutom finansieringsmålet) i handlingsplanen begränsar utkrävandet av resultatansvar.

Enligt intervjuerna med personalen på UM och ambassaderna har den nuvarande handlingsplanen bidragit till förbättrad insikt om handelsrelaterat utvecklingssamarbete, särskilt inom UM och ambassaderna. Processen för utarbetandet av planen ansågs som värdefull med tanke på den ökade medvetenheten om handelsrelaterat utvecklingssamarbete. Utarbetandet av planen ledde till en utbredd intern diskussion om det handelsrelaterade biståndets roll i Finlands utvecklingssamarbete, väckte ett antal viktiga interna debatter och satte igång en process som ökar den ömsesidiga förståelsen av dessa frågor. Dessutom belystes hur en rad sektorer och specialområden kan stödja partnerländerna i fråga om möjligheter till ekonomisk utveckling och effektivare deltagande på internationella marknader.

Det är sällsynt att planeringen av landsvisa och regionala biståndsprogram har ett handelsrelaterat biståndsperspektiv som den främsta utgångspunkten. Med andra ord börjar utvecklingen av landsvisa och regionala program ofta med en bedömning av de bindande handelsrestriktionerna och hur länderna kan bli mer integrerade med globala marknader. Detta tillvägagångssätt stöder inte ett strategiskt tänkande och sammanlänkande som fokuserar på hur Finlands utvecklingssamarbete kan få största möjliga effekt på partnerländernas möjligheter att dra nytta av den internationella handeln. När en ny handlingsplan för handelsrelaterat utvecklingssamarbete (eller ett lik-

nande dokument) utarbetas bör en begreppsmässig ram som tydligt anger eftersträ- vade mål och resultat (och hur dessa kan uppnås), däribland de fem centrala indikato- rerna och målen (på utfallsnivå). Detta skulle ge värdefull vägledning vid planering av projekt och program, stödja identifieringen av vilka resultat på högre nivå som Fin- lands handelsrelaterade utvecklingssamarbete förväntas ge och stödja ett integrerat och samordnat tillvägagångssätt i Finlands handelsrelaterade utvecklingssamarbete.

## **Handelsrelaterade samarbetsprojekt och -program**

Under åren 2006–2014 omfattar det handelsrelaterade biståndet över 90 projekt och program som fokuserar på åtminstone en av de handelsrelaterade biståndskategorierna. Inslag av handelsrelaterat utvecklingssamarbete finns dessutom inom Finnpartnership, Finnfund, lokala samarbetsfonder (LCF), förmånliga krediter och samarbete med icke-statliga organisationer (NGO). Av dessa projekt och program genomförs ungefär 90 % bilateralt och resten genom multilaterala, internationella och regionala organisationer (t.ex. FN och Världsbanken). Mer än hälften av de bilaterala projekten och programmen gäller Afrika. Uppbyggnad av produktionskapacitet är ett stort fokusområde i handelsrelaterade samarbetsprojekt och -program (i 60 % av projekten och programmen). Därefter kommer ekonomisk infrastruktur (i över 40 %), handelsutveckling (i över 20 %) och handelspolitik och reglering (i nästan 20 %). Endast ett projekt har klassificerats som enbart handelsutveckling. Av projekt och program klassificerade som handelsutveckling har nästan hälften också klassificerats som handelspolitik och reglering och ett antal dessutom som uppbyggnad av produktionskapacitet och ekonomisk infrastruktur. Den klart övervägande delen av Finlands handelsrelaterade utvecklingssamarbete inom handelspolitik och reglering kanaliseras genom multilaterala, internationella och regionala organisationer, med endast ett bilateralt program som omfattar handelspolitik och reglering (PSDRP i Zambia). PSDRP-programmet är också det enda exemplet på ett bilateralt program som täcker alla områden av handelsrelaterat utvecklingssamarbete (exklusive handelsrelaterad anpassning).

## **Centrala resultat**

### **Samstämmighet**

Finland har gjort signifikanta ansträngningar för att säkerställa samstämmighet mellan utvecklingspolitiken, andra politikområden och strategier (t.ex. handel) och handlingsplanen för handelsrelaterat utvecklingssamarbete. De övergripande målen för Finlands utvecklingssamarbete (enligt det utvecklingspolitiska programmet 2007) upprepas i handlingsplanen för handelsrelaterat utvecklingssamarbete. De övergripande målen för handeln och det handelsrelaterade utvecklingssamarbetet som anges i det utvecklingspolitiska programmet 2007 och handlingsplanen är konsekventa och sammanhängande. I båda dokumenten betonas t.ex. den internationella handelns betydelse för ekonomisk tillväxt och fattigdomsbekämpning baserat på principerna för ekologisk och social hållbarhet. Utvecklingspolitiska programmet 2007 och handlingsplanen för handelsrelaterat utvecklingssamarbete innehåller likartade handelsrelaterade

mål, däribland främjande av privat sektor och entreprenörskap, att skapa en miljö som ger nya möjligheter, anständiga arbetstillfällen och förbättring av utvecklingsländernas förmåga att delta i och dra nytta av handelsförhandlingar och -avtal.

Dessutom har arbets- och näringsministeriet en strategi för genomförande av Finlands utvecklingspolitiska program 2007. Huvudmålet i strategin är att stödja utvecklingsländerna i utvecklingen av en stark sysselsättnings- och industripolitik. Strategin främjar internationalisering av den finska ekonomin och utvecklingen av ekonomi och välfärd i både Finland och utvecklingsländerna. De övergripande målen är till största delen konsekventa och sammanhängande med handlingsplanen. I båda betonas vikten av att finländska företag bidrar till ekonomisk utveckling i utvecklingsländerna, t.ex. genom affärspartnerskap.

När det gäller samstämmighet med internationella åtaganden är Finlands mål att öka det handelsrelaterade utvecklingssamarbetets kvantitet och kvalitet i syfte att bidra till fattigdomsbekämpning och miljömässigt och socialt hållbar utveckling, vilket i mångt och mycket är i linje med EU:s strategi för handelsrelaterat utvecklingssamarbete. En betydande andel av Finlands handelsrelaterade samarbetsprojekt och -program (både bilaterala och multilaterala) innehåller mål och syften som gäller fattigdomsbekämpning medan många har som uttalat mål att säkerställa att de är hållbara (miljömässigt, socialt och ekonomiskt). Samstämmigheten mellan Finlands handelsrelaterade utvecklingssamarbete och EU:s strategi för handelsrelaterat utvecklingssamarbete har sin upprinnelse i den aktiva roll som Finland har spelat i utvecklingen av EU:s strategi för handelsrelaterat utvecklingssamarbete, särskilt under Finlands ordförandeskap i EU 2006.

Trots att det finns en uppenbar samstämmighet på politisk och strategisk nivå omsätts detta inte alltid i samstämmighet mellan det handelsrelaterade biståndet och de relevanta politikområdena och strategierna. Detta kan delvis förklaras av att politiska och strategiska dokument anger en vision på högre nivå som inte nödvändigtvis omsätts till utförligare strategisk vägledning av insatser på fältnivå.

### **Mottagaranpassning**

I många fall är Finlands övergripande bilaterala samarbete väl anpassat till nationella utvecklingsstrategier genom processen för bilaterala konsultationer och förhandlingar om vilka sektorer som stödet ska gälla. En betydande del av Finlands handelsrelaterade utvecklingssamarbete grundar sig dock inte på bilaterala konsultationer och förhandlingar. Dessutom är handelsrelaterade insatser och utfall inte uttryckligen inkluderade i ett antal projekt och program som av Finland klassificerats som handelsrelaterat utvecklingssamarbete. Därmed är det svårt att bedöma huruvida partnerlandets handelsprioriteringar avspeglas i dessa projekt och program.

I de partnerländer som granskats i utvärderingen (Zambia, Tanzania, Namibia, Thailand, Laos och Vietnam) finns exempel på anpassning, t.ex. där Finland stöder program som utvecklats av regeringen i samverkan med andra centrala intressenter och där arrangemang för samfinansiering finns (t.ex. reformprogrammet för Zambias pri-

vata sektor, PSDRP, Private Sector Development Reform Programme). Dessutom förekommer inom bl.a. EIF samordning (eller försök till samordning) av handelsrelaterat utvecklingssamarbete och DTIS handelsprioriteringar, nationella bedömningar av behoven och nationella utvecklingsstrategier (t.ex. Tanzania). I ett antal fall är dock Finlands handelsrelaterade samarbetsprojekt och -program inte alltid samordnade med dessa prioriteringar.

När det gäller stöd som kanaliseras genom multilaterala och internationella organisationer, särskilt Genèvebaserade handels- och utvecklingsorganisationer (t.ex. UNCTAD), finns i många fall endast begränsade belegg för att anpassning till nationella prioriteringar har skett. Detta beror delvis på att landskontor saknas och den begränsade förmågan hos många av dessa organisationer att göra bedömningar av ländernas behov eller grunda prioriteringarna på befintliga bedömningar, särskilt då projekten och programmen är av global natur. Denna fråga är inte specifik för Finland och är tillämplig på många givare som ger stöd till internationella och multilaterala organisationer.

### **Givarsamordning och komplementaritet**

När det gäller samordning med andra givare deltar Finland i en rad gemensamma styrkommittéer och givarkonsultationsgrupper (t.ex. givarsamordning av reformprogrammet för Zambias privata sektor). Dessa samarbetsarrangemang skapar viktiga möjligheter till informationsutbyte, utveckling av gemensamma visioner liksom överenskommelser om arbetsfördelning och komparativa fördelar mellan givare. Detta gör det lättare att minska transaktionskostnaderna för partnerländer som hanterar ett stort antal givare.

På fältnivå har gemensamma handelsrelaterade samarbetsprojekt och -program eller poolfinansiering typiskt initierats av partnerlandets regering eller givarna. Utvärderingen har dock endast funnit ett fåtal exempel på att Finland initierat ett sådant gemensamt arrangemang eller poolfinansiering. Finland skulle kunna utvidga partnerskapen med andra givare eftersom detta stödjer samordningen och maximerar samtidigt hävstångseffekten från en sammanslagning av begränsade resurser över olika handelsrelaterade biståndskategorier och skapar möjligheter att minska transaktionskostnaderna.

Om man tittar på Finlands handelsrelaterade bistånd betraktas ett antal projekt och program kategoriserade som handelsrelaterat utvecklingssamarbete som ”marginella” och ofta är de inte heller tillräckligt sammanlänkade genom strategiskt tänkande när det gäller deras övergripande bidrag till handelsrelaterade utfall på högre nivå. Detta antyder att det finns betydande möjligheter att skapa synergier i Finlands handelsrelaterade bistånd med stöd av en ny handlingsplan för handelsrelaterat utvecklingssamarbete (eller ett liknande dokument). Det finns alltså betydande möjligheter att sammanlänka Finlands bilaterala och multilaterala stöd (särskilt genom stöd till handels- och utvecklingsorganisationer inom handelspolitik och reglering), utöka sammanlänkandet och se till att detta ger ömsesidigt stöd för bättre synergier mellan olika typer av stöd. Som nämnts ovan är denna fråga inte specifik för Finland utan tillämplig på

många givare som ger stöd till internationella och multilaterala organisationer. För närvarande är en betydande andel av de multilaterala (eller multi-bilaterala) projekten och programmen som implementeras i länderna inte bekanta för personalen på Finlands ambassader. Detta underminerar potentialen för sammanlänkning och utveckling av komplementaritet, vilket antyder att här finns en stor outnyttjad potential. När multilateralt och bilateralt stöd sammanlänkas på bilateral nivå har detta initierats av organ som genomför insatsen och mottagarna (t.ex. ILO i Zambia).

### **Finländskt mervärde**

Utvärderingsresultaten visar att Finland i jämförelse med andra givare har ett ganska stort engagemang i internationella handelsrelaterade utvecklingsinitiativ, däribland WTO:s och OECD:s gemensamma initiativ för handelsrelaterat utvecklingssamarbete och utformning av EU:s strategi för handelsrelaterat utvecklingssamarbete. När det gäller utformningen av OECD:s arbetsprogram för handelsrelaterat utvecklingssamarbete har Finland gett betydande intellektuella bidrag. Dessutom har tjänstemän på UM gett intellektuella bidrag till planeringen och genomförandet av multilateralt stöd. Resultaten från de intervjuer som utgjort en del av utvärderingen antyder att tjänstemännens bidrag är mycket uppskattade, särskilt sådant engagemang som ofta ingår i en fortlöpande process genom vilken tjänstemännen gett konstruktiva bidrag och feedback i syfte att förbättra insatsernas effektivitet, särskilt i planeringsprocessen.

Många av de intervjuade anser att Finland besitter internationellt erkänd kompetens inom följande områden: skogsbruk, jordbruk, hållbar energi, vattenförsörjning och hantering, hantering av miljö- och naturresurser (inklusive geologi och geologisk undersökning), miljöteknik, social välfärd, hälsa, ICT och informationssamhället. Finland har också förknippats med innovativa metoder i samarbetet med den privata sektorn (t.ex. Finnpartnership, Base of the Pyramid-modellen och InfoDev).

På landsnivå har Finlands tillvägagångssätt i form av samarbete med långsiktiga partnerländer inom ett begränsat antal fokusområden skapat utrymme för en ändamålsenlig grad av specialisering. Finlands handelsrelaterade utvecklingssamarbete har i mångt och mycket fokuserat på områden där Finland anses ha en komparativ fördel – både hemma och på fältet. Finland strävar efter att identifiera nischer inom fokusområdena för att kunna bidra till handelsrelaterat utvecklingssamarbete genom insatser i mindre skala.

Termen finländskt mervärde försvårar dock bedömningen av biståndsinsatserna. Många intressenter är inte säkra på om finländskt mervärde avser användning av finländsk expertis för tekniskt bistånd till partnerländer, skapandet av möjligheter för finska företag på nya marknader eller tillämpning av Finlands värderingar i utvecklingssamarbetet, t.ex. genom stöd för god samhällsstyrning och rättsstaten, där Finland har ett särskilt gott anseende. Vissa intervjuade på landsnivå identifierade en spänning mellan å ena sidan tekniskt bistånd (finska experter) och skapandet av möjligheter för finska företag och å andra sidan stöd för institutionell hållbarhet och kostnadseffektivt utvecklingsbistånd. En tydligare definition av termen och bättre kommunikation om detta skulle underlätta bedömningen av det handelsrelaterat utveck-

lingssamarbetets (eller ODA:s) effektivitet och även stödja de personer som arbetar med projekten och programmen, så att de kan genomföras effektivare.

### **Genomgående teman**

Genomgående teman (t.ex. utanförskap, jämställdhet, miljö och HIV/AIDS) är en integrerad del av Finlands utvecklingssamarbete. Finland beaktar genomgående teman i en politisk dialog med sina långsiktiga partnerländer och har t.ex. stött utvecklingen av Världsbankens handlingsplan för jämställdhet, ”Gender as Smart Economics”. UM har som mål att stödja integrering av genomgående teman i handelsrelaterat bistånd genom analys av dessa teman i utvecklingen av projekt och program för att se till att frågor som t.ex. jämställdhet beaktas på ett effektivt sätt vid insatserna. I samband med identifiering av projekt och program och i planeringsgrupper finns inte nödvändigtvis tillräcklig expertis om genomgående teman för att säkerställa en adekvat integrering. Detta antyder att det krävs starkare vägledning i planeringsfasen (t.ex. mallar för utvecklingsprojekt med krav på att genomgående teman beaktas fullt ut, t.ex. genom lämpliga indikatorer) och bättre intern kapacitet för rådgivning.

Finland har överlag en hög prioritet på anpassning till klimatförändringar i sitt utvecklingssamarbete och detta är ett område för utökat samarbete. Finlands handelsrelaterade utvecklingssamarbete skulle dock kunna förankras ännu bättre i klimatförändringsagendan om det handelsrelaterade utvecklingssamarbetet och insatser relaterade till klimatförändringar planeras och genomförs så att insatserna stärker varandra.

### **Bistandsformer**

Som en relativt liten givare måste Finland vara strategisk i planeringen av målområden för att kunna maximera effekten på fältet. För närvarande tillämpas en varierande mängd bistandsformer i det handelsrelaterade biståndet.

Finland koncentrerar resurserna till utvalda länder, sektorer och teman. Finlands handelsrelaterade bistånd inkluderar ett stort antal relativt små insatser (under 200 000 euro per år) och det finns belägg för fragmentering, som innebär att flera av dem inte är tillräckligt sammanlänkade och inte siktar på övergripande resultat på högre nivå. Man har dock försökt öka användningen av sam- eller poolfinansiering (t.ex. EIF, PS-DRP i Zambia, skogsförvaltningsfonden för Vietnam och mekanismen för utveckling av den privata sektorn i Mekong) i syfte att maximera avtrycket från Finlands utvecklingssamarbete samtidigt som belastningen på mottagarna begränsas.

I handlingsplanen för handelsrelaterat utvecklingssamarbete föreslås att finansieringen av multilaterala insatser ska koncentreras till ”större paket”, men en granskning av Finlands handelsrelaterade bistånd indikerar att resurserna är fördelade på ett stort antal insatser (särskilt inom handelspolitik och reglering). I den bilaterala helheten finns fortfarande ett stort antal småskaliga projekt, och större framsteg skulle kunna göras om projekten blir färre, men är större och av bättre kvalitet samt får en större andel av finansieringen från sådana gemensamma arrangemang och multilaterala kanaler som anses effektiva.



Personal på landsnivå rapporterar att man i handelsrelaterat utvecklingssamarbete väljer ur en verktygslåda med tillgängliga biståndsformer (t.ex. i Namibia), men enligt kommentarer från Helsingforsbaserade intressenter sätter den nuvarande verktygslådan restriktioner på samarbeten som bygger på kombinationer av olika parter: regeringen, den privata sektorn och/eller det civila samhället. Detta medför utmaningar för innovativa insatser och vissa experimentella insatser (t.ex. inom energi- och företagspartnerskapet för Mekong eller innovationspartnerskapsprogrammet) där man genom att sammanlänka den privat sektorn med andra aktörer kan hitta spännande, nya tillvägagångssätt.

### **Expertstöd**

UM:s sakkunniga inom olika sektorer och politikområden (inklusive UM:s team för handelsrelaterat utvecklingssamarbete) har stor teknisk kompetens inom sina områden. De är dock mycket efterfrågade och måste därför vara selektiva i fråga om eventuellt deltagande i olika skeden av projektcykeln. Konkurrerande anspråk på personals tid begränsar dess förmåga att utveckla samordnade förhållningssätt till det handelsrelaterade utvecklingssamarbetet. Detta minskar möjligheterna att identifiera synergier för maximering av effekten på handelsrelaterade utfall. När det gäller detta skulle det vara värdefullt att utöka UM:s team för handelsrelaterat utvecklingssamarbete för att ytterligare fördjupa och bredda dess expertis och ge teamet möjlighet att mer fortlöpande stödja personalen som ansvarar för genomförandet av insatserna inom handelsrelaterat utvecklingssamarbete.

### **Lärdomar och spridning av god praxis**

En del sakkunniga sprider god praxis genom faktablad. Detta sätt skulle kunna användas i större utsträckning. Ett antal workshoppar om handelsrelaterat utvecklingssamarbete har hållits. Där har samarbetspartner i handelsrelaterade samarbetsprojekt och -program berättat om sina erfarenheter och tjänstemän på UM har hållit presentationer. Detta har uppskattats av deltagarna och utgör en grund som man kan bygga vidare på. Andra erfarenhetsutbyten äger rum i veckorna på UM i Helsingfors och vid regionala evenemang. Detta tyder på att man säkert lärt av erfarenheterna men att det ofta sker ad hoc, varvid erfarenhetsutbytet ofta blir beroende av individuella initiativ och kommunikation i informella nätverk.

Att lära av erfarenheterna och sprida god praxis är särskilt viktigt då ny teknik utforskas genom innovativa och experimentella projekt och program (t.ex. energi- och miljöprogrammet och innovationspartnerskapsprogrammet) och där ett inflytande på regeringens politik och andra intressenters beteende är centralt för att maximera insatsernas effektivitet (t.ex. projektet Hållbart skogsbruk för landsbygdsutveckling). I båda är situationerna är det centrala för att kunna maximera effekten att man har effektiva projekt, effektiva sätt att lära av erfarenheterna på projekt-, program- och landsnivå, strategier för kommunikation och politisk engagemang som gör det möjligt att genomföra framgångsrika insatser i större skala och bidra till den nationella politiska debatten jämte att lära av erfarenheterna i olika länder, regioner och sektorer. För tillfället införlivar Finlands insatser dock inte dessa komponenter på ett systematiskt sätt, vilket begränsar effektiviteten i Finlands stöd.

### **Inflytande på internationella samarbetspartner**

Finland has påverkat den internationella agendan för handelsrelaterat utvecklingssamarbete genom sitt aktiva deltagande i det arbete som EU, OECD, WTO och FN bedriver. Finland ger ekonomiska bidrag till OECD:s arbetsprogram för handelsrelaterat utvecklingssamarbete. Personalen på UM har bidragit med intellektuellt ledarskap och teknisk sakkunskap i diskussionerna om handelsrelaterat utvecklingssamarbete inom OECD och EU, särskilt vad gäller kvantitativ uppföljning av handelsrelaterat utvecklingssamarbete, där Finland har varit en av de starkaste försvararna av en transparent och enkel mekanism. Finland har gett betydande bidrag till begreppsbildningen kring den globala granskningsmekanismen och resultatagendan samt informerat om de lärdomar som dragits (av både god och dålig praxis).



## SUMMARY

### Introduction

Aid for Trade (AfT) aims to contribute to increasing the volume and value of products developing nations export, to promoting their integration into the multilateral trading system and to enabling them to benefit from increased market access. As defined by the European Union (EU) and the World Trade Organization (WTO), AfT includes ‘trade policy and regulations’ and ‘trade development’ (so-called ‘narrow AfT’), support to the supply side (that is, ‘economic infrastructure’ and ‘building productive capacity’) (‘broad AfT’) as well as ‘trade-related adjustment costs’. Finland’s support to AfT incorporates activities under all of the AfT categories except for trade-related adjustment.

The internationally agreed and applied AfT categories cover:

**Trade policy and regulations:** trade policy and administrative management; trade facilitation; regional trade agreements; multilateral trade negotiations; and, trade education/training

**Economic infrastructure:** transport and storage; communications; and, energy generation

**Building productive capacity:** business and other services; banking and financial services; agriculture; forestry; fishing; industry; mineral resources and mining; and, tourism

**Trade-related adjustment**

The overall aim of Finland’s AfT is to build the “supply and trade capacity of developing countries to better integrate into the global economy”. It helps to address opportunities and challenges that arise from multilateral (e.g. WTO), regional (EU-ACP Economic Partnership Agreements) and bilateral trade agreements to ensure these bring tangible development benefits to poor countries which are both environmentally and socially sustainable.

As outlined in Finland’s AfT Action Plan, Finland’s AfT cooperation is divided into four overlaying pillars:

**Themes** (private sector, information society and environment, as well as cross-cutting)

**Sectors** (agriculture, forestry and energy)

**Aid categories** (Box 1, below)

**Geographical focus** (countries, regions and multilateral cooperation)

This report presents the findings, conclusions and recommendations of an evaluation of Finland’s AfT. As stated in the terms of reference (ToR), the **rationale** is to share

lessons learnt and make practical, concrete recommendations for follow-up actions and measures on how to develop further the policy and support for Finland's AfT beyond 2011. The **purpose** is to assess the viability/feasibility of the present AfT Action Plan and to analyse whether its targeting, organisational setup and implementation achieve expectations and objectives on AfT. The **main objective** of the evaluation is to achieve an overall picture of Finland's AfT in order that the Ministry for Foreign Affairs of Finland (MFA) can further improve and enhance its role and effectiveness.

## Methodology

The team developed an evaluation matrix (Annex 3) based on the detailed questions set out in the ToR (Annex 1). This was used to generate a checklist for interviews with MFA officials (in Helsinki and embassies), stakeholders in Finland's partner countries and representatives of international organisations.

The evaluation team undertook a comprehensive review of the literature (including project and programme documents, relevant policy documents and thematic evaluations), along with interviews in-country (Namibia, Tanzania and Zambia in Africa; Lao People's Democratic Republic (PDR), Thailand and Vietnam in Asia), as well as visits to international/European Union (EU)/multilateral organisations in Brussels and Geneva, meetings with the United Nations Industrial Development Organization, UNIDO (Hanoi) and teleconferences with UNIDO (Vienna) and the Organisation for Economic Co-operation and Development, OECD (Paris).

The sample of projects and programmes was chosen based on availability of project and programme documents and monitoring information. It consisted of a total of 34 projects and programmes (bilateral, multilateral and multi-bi) implemented in East and Southern Africa and in Asia. Of these, 4 were Institutional Cooperation Instrument (ICI) projects, 11 were multilateral organisations, 10 were bilateral, one was multi-bi and five were regional programmes. In addition, four projects financed by the Local Cooperation Funds (LCF) were assessed in more detail in Zambia, as well as projects funded by Finnpartnership, Finnfund and concessional credits (one of each). The sample covered the main areas of Finland's AfT, by sectors and themes, and was also in line with the geographical focus of Finland's AfT as identified in the AfT Action Plan.

## Aid for Trade Action Plan

A key objective of the AfT Action Plan has been to familiarise MFA and embassy staff with AfT and mainstream AfT thinking throughout the organisation. Many of the MFA and embassy staff interviewed consider that the AfT Action Plan is a useful communication and influencing tool and has helped to disseminate understanding of AfT within MFA and across embassies. The document provides the parameters for

AfT support in terms of categories, themes and sectors and hence is a valuable tool to inform the identification and design of future AfT, including what kind of interventions to support, types of implementing partners, geographical focus, etc. It also provides criteria for AfT support (in the form of questions in a checklist) for potential implementing agencies and beneficiaries who may request funding from Finland. As a check-list, it allows cross-referencing of projects/programmes to assess whether they fulfil the AfT criteria. Many of the trade-and-development organisations receiving support under trade policy and regulations (and trade development) have used the plan to guide the development of project proposals, whereas embassies in some of the partner countries have referred to it to better understand the broad parameters within which AfT support should be provided.

The AfT Action Plan lists a number of action points. Progress on achieving these has been regularly reported through an AfT action matrix which also lists Finland's projects and programmes classified as AfT. However, the AfT Action Plan does not have well-defined and quantifiable outcome and output level indicators against which progress can be measured. As a communication tool, such quantifiable indicators and targets is not necessarily required, as these are typically developed at the project and programme level. However, as an action plan, such aggregate expected results and associated indicators and targets would be useful in guiding the design and implementation of the AfT portfolio. The absence of measurable targets (excluding the funding target) in the AfT Action Plan provides limited accountability for results.

According to interviews with MFA and embassy staff, the existing AfT Action Plan has made progress in improving understanding of AfT, particularly within MFA and across embassies. The process involved in its production was considered valuable in terms of increasing awareness on AfT. Widespread internal discussion on the role of AfT within Finnish development cooperation raised a number of important internal debates and began the process of building a shared understanding. It also highlighted the contribution that can be made by a range of sectors and specialisms to enabling partner countries to develop economically and engage more effectively in international markets.

However, planning of country and regional programmes is rarely undertaken with a primarily "AfT lens". In other words, the development of country and regional programmes seldom starts from, for instance, an assessment of the binding constraints to trade and better integration into global markets. This approach does not support the development of strategic and joined-up thinking on how to ensure that Finnish development cooperation has the biggest possible impact on enabling partner countries to benefit from international trade. In developing a new AfT Action Plan (or similar document), a conceptual framework outlining objectives and results (and how to achieve these) should be clearly articulated including a few key high-level indicators and targets (at the outcome level). This would provide valuable guidance for project and programme design, supporting the identification of the higher-level results anticipated through Finnish AfT and supporting an integrated and coherent approach to Finland's support on AfT.

## Aid for Trade Projects and Programmes

Between 2006 and 2014, the portfolio covers over 90 projects and programmes that have at least one of the AfT categories as their focus. In addition, Finnpartnership, Finnfund, Local Cooperation Funds (LCF), concessional credits and Non-Governmental Organisation (NGO) cooperation all have elements of AfT. Of these projects and programmes, approximately 80% are implemented bilaterally and the remaining through multilateral, international or regional organisations (e.g. UN and World Bank). Over half of the bilateral projects and programmes are in Africa. Building productive capacity is the major area of focus for AfT projects and programmes (being an element in 60%), followed by economic infrastructure (over 40%), trade development (over 20%) and trade policy and regulations (nearly 20%). There is only one project classified as trade development alone. Of the projects and programmes classified as trade development, nearly half of these are also classified as trade policy and regulations, and a number are also classified as building productive capacity and economic infrastructure. The vast majority of Finland's AfT on trade policy and regulations is channelled through multilateral, international and regional organisations, with only one bilateral programme incorporating trade policy and regulations (Zambia's PSDRP). Also, the PSDRP programme in Zambia is the only example of a bilateral programme where all areas of AfT are covered (excluding trade-related adjustment).

## Key Findings

### Coherence

Finland has made significant efforts to ensure the policy coherence between its development policy, other policies/strategies (e.g. trade) and the AfT Action Plan. The overall objectives underlying Finnish development cooperation (as stated in the Development Policy Programme 2007) are restated in the AfT Action Plan. The overall trade and AfT-related objectives stated in both the Development Policy Programme 2007 and the AfT Action Plan are consistent and compliant. For instance, each document highlights the importance of international trade for economic growth and poverty reduction, based on principles of ecological and social sustainability. Both the Development Policy Programme 2007 and AfT Action Plan have similar trade-related objectives including promoting the private sector and entrepreneurship; creating an enabling environment; creation of decent jobs; improving developing countries ability to engage and benefit from trade negotiations and agreements.

Also, the Ministry of Employment and Economy has a strategy for the implementation of Finland's Development Policy Programme 2007. The main objectives of the strategy are to support developing countries in developing strong labour and industrial policies. It promotes the internationalisation of the Finnish economy, and the development of the economy and welfare in both Finland and developing countries. The broad objectives are largely consistent and compliant with the AfT Action Plan. Both outline the importance of Finnish enterprises in contributing to economic development in developing countries through, for instance, business partnerships.

With respect to coherence with international commitments, Finland's objective of increasing the quantity and quality of AfT to contribute to poverty reduction and environmentally and socially sustainable development is very much in line with EU AfT strategy. A significant proportion of Finland's AfT bilateral and multilateral projects and programmes include goals/objectives on poverty reduction while many have explicit objectives to ensure their environmental, social and financial sustainability. Coherence between the Finnish and the EU AfT strategies draws on the active role played by Finland in contributing to the development of the EU AfT Strategy, particularly during its EU presidency in 2006.

Although coherence at the policy and strategy level is apparent, this does not always translate into coherence between the AfT portfolio and the relevant policies and strategies. This may partly be explained by policy and strategic documents articulating a high level vision which is not necessarily being translated for field-level interventions by finer-grained strategic guidance.

### **Alignment**

In many cases, Finland's overall bilateral cooperation is well-aligned with national development strategies through the process of bilateral consultations and negotiations on which sectors to support. However, a significant amount of Finland's AfT is not based on bilateral consultations and negotiations. Also, a number of projects and programmes classified as AfT by Finland do not explicitly include trade-related activities or outcomes hence it is difficult to assess whether these reflect trade priorities of the partner country.

In the partner countries studied as part of the evaluation (Zambia, Tanzania, Namibia, Thailand, Laos and Viet Nam), there are examples of alignment, for instance, where Finland supports programmes developed by government in consultation with other key stakeholders and where basket funding arrangements are in place (e.g. Zambia Private Sector Development Reform Programme). Also, in the context of the EIF, there is evidence of alignment by donors (or attempts to align) of AfT support to trade priorities in DTISs, nationally-developed needs assessments and national development strategies (e.g. Tanzania). However, in a number of cases, Finland's AfT projects and programmes is not always aligned to these priorities.

In terms of support channelled through multilateral and international organisations, particularly Geneva-based trade-and-development organisations (e.g. UNCTAD), the evidence of alignment to national priorities in many cases is limited. This is partly due to the lack of country offices and the limited ability of many of these organisations to undertake country needs assessments, or base their priorities on existing needs assessments, particularly where projects and programmes are global in nature. This issue is not peculiar to Finland and applies to most donors providing support to international/multilateral organisations.

### **Coordination (harmonisation) and Complementarity**

Regarding coordination with other donors, Finland participates in a range of joint steering committees and donor consultation groups (e.g. Zambia's Private Sector Development Donor Coordination Platform). These collaborative arrangements create important opportunities for information exchange, creation of a shared vision as well as agreeing division of labour and comparative advantage between donors. This helps reduce the transaction costs on partner countries of dealing with numerous donors.

At the field level, joint AfT projects and programmes or pooled funding arrangements are typically initiated by the partner government or donors. However, the evaluation has found only a few examples where Finland has initiated such joint or pooled arrangements. There is scope for Finland to expand its partnerships with other donors, as this would support coordination while maximising leverage by pooling limited resources across all AfT categories and (potential) reducing transaction costs.

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. This suggests that there is significant scope to build synergies across Finland's AfT portfolio, supported by a new AfT Action Plan (or similar document). 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 ensuring these are mutually supportive in order to increase synergies between the different types of support. As mentioned above, this issue is not peculiar to Finland and applies to most donors providing support to international/multilateral organisations. Currently, a significant proportion of the multilateral (or multi-bi) projects and programmes being implemented in-country are not known to Finnish embassy staff, undermining the potential for joined up thinking and the development of complementarities, suggesting significant untapped potential in this regard. At the bilateral level, where linkages are made between multilateral and bilateral support, this is at the instigation of implementing agencies and beneficiaries (e.g. ILO in Zambia).

### **Finnish Value Added**

The findings of the evaluation show a relatively high-level of involvement of Finland compared to other donors in the international AfT initiative, including the WTO/OECD joint initiative on AfT as well through inputs to the EU AfT Strategy. Regarding inputs to the OECD's work programme on AfT, Finland has provided significant intellectual inputs into the OECD's AfT work programme. In addition, MFA officials have provided intellectual inputs into the design and implementation of multilateral support. Findings from interviews undertaken as part of the evaluation suggest that these are valued highly, particularly the nature of the engagement which often follows an iterative process whereby MFA officials have provided constructive inputs and feedback to improve the potential effectiveness of interventions especially through the design process.



Finland is considered by many of those interviewed to have internationally-recognised competence in the following areas: forestry, agriculture, sustainable energy, water supply and management, environment and natural resource management (including geology and geological surveys), clean technology, social welfare, health and ICT and information society. Finland has also been associated with innovative ways of working with the private sector (e.g. Finnpartnership, Base of the Pyramid model and InfoDev).

At the country level, Finland's approach of working with long-term partner countries on a limited number of focal sectors has allowed a useful degree of specialisation. Much of Finland's AfT is focused on areas where Finland is considered to have a comparative advantage – both at home and in the field. Within focal sectors, attempts are made to identify niche areas where smaller Finnish AfT interventions can contribute.

However, the term 'Finnish value added' has made assessment rather challenging. Many stakeholders are unclear on whether Finnish value added refers to the use of Finnish expertise to provide technical assistance to partner countries, the generation of opportunities for Finnish companies in new markets or to the application of Finnish values in development cooperation, for example through supporting good governance and the rule of law, where Finland has a particularly good reputation. Some interviewees at the country level identified a tension between providing technical assistance (Finnish experts) and opportunities for Finnish companies on the one hand, and supporting institutional sustainability and cost-effective development assistance on the other. A clearer and better communicated definition of the term would help to assess the effectiveness of AfT (and ODA more widely) and also support practitioners to implement the projects and programmes more effectively.

### **Cross-cutting Issues**

The inclusion of cross-cutting issues (e.g. gender, excluded groups, equality, environment and HIV/AIDS) is integral to Finnish development cooperation. Finland addresses cross-cutting issues in policy dialogue with its long-term partner countries and has supported, for instance, the development of the World Bank's gender action plan "Gender as Smart Economics". MFA aims to support the mainstreaming of cross-cutting issues throughout the AfT portfolio through analysis of cross-cutting issues in project and programme development in order to ensure interventions effectively address issues such as gender. However, project and programme identification and design teams do not necessarily incorporate the expertise on cross-cutting issues to ensure adequate mainstreaming. This suggests that stronger guidance at the design stage is required (e.g. developing project templates requiring that cross-cutting issues are fully addressed through, for instance, appropriate indicators) as well as in-house advisory capacity.

Finland places a high priority on climate change adaptation throughout its development cooperation and this is an area for expanded collaboration. However, Finnish AfT could be more strongly anchored to the climate change agenda, with AfT and cli-

mate change interventions being designed and implemented in such a way as to be mutually reinforcing.

### **Aid Modalities**

As a relatively small donor, Finland needs to be strategic when planning target areas of intervention in order to maximise impact on ground. A diverse range of aid modalities is currently employed for the implementation of its AfT portfolio.

Finland focuses resources on a select number of countries, sectors and themes. Finland's AfT portfolio includes a large number of relatively small interventions (less than 200,000 Euros per annum) and there is evidence of fragmentation whereby a number of these are not inter-linked and do not collectively aim towards higher-level overall results. However, attempts have been made to increase the flow of funds through joint or pooled funding (e.g. EIF, Zambia's PSDRP, Viet Nam's Trust Fund for Forestry and the Mekong Private Sector Development Facility) in order to maximise the footprint of Finnish development cooperation while limiting the burden on recipients.

The AfT Action Plan suggests that funding to multilaterals should be concentrated into "larger packages" but a review of the Finnish AfT portfolio indicates that resources remain thinly spread across a large number of interventions (especially under trade policy and regulations). The bilateral portfolio still retains numerous small-scale projects and more progress could be made with fewer larger and better quality projects, with more funds being routed through those joint funding arrangements and multilateral channels which are considered effective.

Country-level staff report selecting from the 'toolbox' of available aid modalities in delivering AfT (e.g. in Namibia) but Helsinki-based stakeholders commented on the constraints that the current 'toolbox' imposes on collaborations combining government, private sector and/or civil society partners. This imposes a challenge on the delivery of innovative interventions and also some experimental interventions e.g. within the Mekong Energy and Enterprise Partnership or the Innovation Partnership Programme, where it is through linking the private sector with other actors that exciting new approaches are found.

### **Advisory Support**

MFA sectoral and policy advisors (including MFA's AfT team) have substantial technical skills in their respective areas however they are in high demand and therefore have to be selective regarding their possible engagement at various points in the project cycle. Competing demands on staff time limit the ability of staff to develop coherent approaches across the AfT portfolio reducing the scope to identify synergies in order to maximise the impact on trade-related outcomes. In this regard, the MFA AfT team could be usefully expanded to further deepen and broaden its expertise, enabling it to provide more continuous support to staff in charge of the implementation of AfT-related interventions.



### **Lesson learning and sharing of Good Practice**

A number of individual advisors are presenting best practice in fact sheets. This approach could be used more widely. A number of AfT-related workshops have been held, where partners involved in implementing AfT projects and programmes have presented their experiences alongside presentations from MFA officials. These have been valued by participants and provide a foundation on which to build. Other exchanges of experience take place around MFA “in-weeks” in Helsinki and regional events. This suggests that lesson learning is certainly taking place but that it is often *ad hoc*, with the sharing of experience often depending on the initiatives of individuals and communication by individuals within their informal networks.

Lesson learning and sharing of good practice are particularly important where innovative and experimental projects and programmes are being employed to explore new technologies (e.g. Energy and Environment Programme and the Innovation Partnership Programme) or where influencing government policy and the behaviour of other stakeholders is key to maximising the effectiveness of the intervention (e.g. Sustainable Forestry for Rural Development Project). In both types of situation, having effective project, programme and country-level lesson learning, communication and policy engagement strategies which enable the scaling up of success and contributions to the national policy debate along with cross-country, cross-regional and cross-sectoral lesson learning is key for maximising impact. However, at present, Finnish AfT interventions do not incorporate these components in a systematic way limiting the potential effectiveness of Finland’s support.

### **Influencing International Partners**

Finland has influenced the development of the international AfT agenda through its active participation in the work of the EU, OECD, WTO and the UN. Finland provides financial contributions to the OECD’s AfT work programme. As discussed above, MFA staff has provided intellectual leadership and technical inputs into AfT discussions at the OECD and EU, particularly regarding the quantitative monitoring of AfT where Finland has been one of the strongest defenders of a transparent and simple mechanism. Finland has provided significant inputs to the conceptualisation of the global review mechanism and the results agenda as well as providing lessons learnt (from both good and bad practice).

## Summary of main Findings, Conclusions and Recommendations

Key findings	Conclusions	Recommendations
<p>Finland's sectoral and technical knowledge is typically good where bilateral aid has been provided to a given sector for a long time in a long-term partner country. However, linkages between sectors and the wider economy, including trade, are not always well understood and articulated.</p>	<p>Finland's understanding of the trade context (and knowledge of other donor activities) within particular sectors is often limited.</p>	<p>Improve understanding of the trade context by identifying national and regional binding constraints to trade through deeper reviews of existing analysis or by jointly commissioning gap-filling work.</p>
<p>The AfT agenda has high-level support within MFA. Finnish AfT specialists in MFA and at the country level are recognised for their contributions, both strategic and technical, on AfT. Development and communication of the AfT Action Plan and the establishment of AfT focal points have resulted in increased awareness of AfT. Some MFA officials and implementing partners understand Finnish AfT as Finnish aid for Finnish trade (i.e. trade promotion), partly because of ambiguity around the definition of FVA.</p>	<p>AfT, and how it relates to FVA, is not well understood by all. When introducing new concepts such as AfT, it is important to clarify the scope and objectives, consider the resource requirements and develop guidelines and tools for implementation, as well as providing training. Sufficient time and resources are required, otherwise limited traction may be obtained, raising the potential for claims of ineffectiveness and inefficiency.</p>	<p>Clarify the purpose of AfT, identifying the relative importance of trade promotion for Finnish companies, products and expertise versus development objectives for partner countries. A clearer and better-communicated definition of FVA would help reduce ambiguity. MFA should clarify its position with regard to private-public partnerships, tied aid and use of its development cooperation budget to support Finnish enterprise and Finnish exports.</p>
<p>The AfT Action Plan is relevant and in line with the overall Development</p>	<p>MFA officials (advisors and embassy staff) do not always understand</p>	<p>Develop a conceptual framework that better articulates the links be-</p>

<p>Policy Programme. However, there is no clear conceptual framework showing how AfT contributes to enhanced trade performance of different sectors.</p>	<p>how their sector (where classified as broad AfT) fits within the AfT agenda or how an intervention classified as AfT might contribute to trade. A lack of conceptual clarification on AfT reduces the scope to promote cohesiveness and complementarities among projects and programmes in collectively achieving trade-related performance targets at the outcome level.</p>	<p>tween AfT, pro-poor growth and poverty reduction, including the MDGs, indicating how sectoral interventions can link to the enhanced volume and value of goods traded by partner countries. The framework could identify the role played by the different sectors in enabling developing countries to achieve better trade outcomes and contributing to economic growth and poverty reduction. Communicate and explain the AfT conceptual framework more widely to MFA officials, including embassy staff, as well as implementing partners through the new AfT Action Plan or similar and through MFA's new programme/project guidelines. This will help encourage collaboration in design and implementation across sectors. Ensure that all interventions classified as AfT have a results chain identifying the contribution that they will make to trade-related outcomes.</p>
<p>In a number of cases, projects and programmes that do not have the potential to impact on trade are defined as 'broad' AfT. Also, for some AfT projects and programmes</p>	<p>At present, internal guidance for designing, implementing and monitoring AfT is inadequate. By not linking AfT projects and programmes with trade-related outcomes,</p>	<p>Build up policy advice in MFA on AfT by increasing advisory capacity (and resources) and providing tailored training on AfT (integrated into sectoral training), in or-</p>

<p>that have the potential to impact on trade, an explicit link with trade outcomes is not made.</p>	<p>this reduces the potential effectiveness of AfT on trade.</p>	<p>der that sectoral advisors can provide support across MFA and embassies on AfT. An analysis of specific sectors/themes could be undertaken to establish the potential role of AfT in various sectors. AfT and sectoral experts should collaborate more (for example through workshops) to identify and formulate ways of promoting AfT and to develop sector-specific recommendations.</p> <p>Improve guidance for AfT by incorporating the new AfT conceptual framework into the new AfT Action Plan (or similar) as well as MFA's new electronic project management system.</p> <p>Strengthen the process of quality assurance across sectors and aid modalities, ensuring that AfT focal points review all design documents for projects and programmes classified as AfT, irrespective of sectoral focus or aid modality.</p>
<p>The AfT portfolio contains over 90 bilateral, regional, multilateral and joint interventions, as well as a number of interventions and activities through other instruments (for example the</p>	<p>Finland focuses resources on a select number of countries and themes, but there is evidence of fragmentation, with Finland's AfT portfolio 'spread too thinly'.</p>	<p>Adopt a more strategic approach to identifying and planning AfT interventions: rationalise the number of projects and programmes and scale up resources towards larger-scale programming</p>

<p>LCF), which in many cases are relatively small.</p>		<p>with improved efficiency and effectiveness, particularly in terms of improved trade and poverty outcomes.</p>
<p>Project and programme level targets tend to be weak. Indicators used are often not SMART and are often limited to the input, activity and output level and do not cover outcome and impact levels.</p>	<p>The absence of SMART indicators and targets hinders the ability to measure results and therefore undermines accountability.</p>	<p>Identify common high-level results anticipated of AfT and develop SMART indicators and targets (as part of a clearly defined conceptual framework). A performance framework with a limited number of high-level indicators and targets at the goal/impact and outcome level should be formulated. This would be useful in steering the design and implementation of the AfT portfolio, while honouring the principles of country ownership and alignment. It would also help build greater coherence across the AfT portfolio.</p>
<p>How to ensure an effective mix of aid modalities, along with linkages and potential complementarities, is often not given attention, with projects and programmes often considered in isolation.</p>	<p>Lack of strategic thinking on the best use of a combination of aid modalities reduces the potential for complementarities and improved performance of the AfT portfolio collectively.</p>	<p>Promote greater synergies between interventions funded under different modalities, through improved information sharing, particularly between the multilateral and bilateral portfolios.</p>
<p>The coverage of the AfT portfolio across the different categories lags behind current global trends in AfT.</p>	<p>Areas such as regional integration and trade-related infrastructure, while emphasised in the Action Plan, have not been fol</p>	<p>Rebalance the Finnish AfT portfolio by increasing the proportion of funds allocated to current global priorities (for</p>

	lowed up with disbursements.	example regional economic integration and trade-related infrastructure).
There is little evidence of AfT programmes integrating an understanding of power (gender relations), with coverage of cross-cutting issues relatively low. For instance, on gender, interventions tend to deal with gender at the level of numbers of women benefiting from an intervention.	Cross-cutting issues are not adequately integrated across the portfolio.	Integrate cross-cutting issues systematically throughout all AfT interventions. This will require improved guidance and additional advisory resources to ensure cross-cutting issues are integrated during design and implementation including through quality assurance processes.
Reporting and feedback loops into accountability and lesson learning are of variable quality across the Finnish AfT portfolio. Lesson learning is ad hoc and embassy staff and implementing partners do not have access to systematic case studies or guidance on AfT.	MFA and embassy staff (and implementing partners) have minimal opportunities to understand and learn from what works and what does not.	Enhance learning by maximising opportunities to identify and share lessons of good practice through improved communication between AfT-related interventions, which will also help build collaborations between interventions. This could include the production of short guidance notes on different aspects of AfT (for example through the intranet system), in addition to the new Action Plan (or similar). Both the new Action Plan and guidance notes should include concrete examples of lessons learnt and good practice on AfT within both multilateral and bilateral contexts.

# 1 INTRODUCTION

## 1.1 Introduction

The **rationale** for the evaluation of Finland's Aid for Trade (AfT) is to share lessons learnt and to make practical, concrete recommendations for follow-up actions and measures to contribute to the further development of policy for and support to Finland's AfT beyond 2011. According to the Terms of Reference (ToR), the main **purpose** is to assess the viability/feasibility of the present AfT Action Plan and to analyse whether its targeting, organisational set-up and implementation have achieved expectations and objectives regarding AfT.

The **main objective** is to achieve an overall picture of Finland's AfT in order for the Ministry for Foreign Affairs (MFA) to further enhance its role and effectiveness. **Specific objectives**, as outlined in the ToR, are to inform MFA on:

Whether Finland's AfT Action Plan is in need of revision or precision, and in what aspects?

What aid interventions and modalities work, why and under what conditions, and how to develop support beyond 2011?

Whether the organisational setup to guide and implement AfT and the management systems respond to functional and operational purposes and needs?

Whether Finland's bilateral and multilateral aid to AfT are in synergy, and to what extent MFA strengthens synergy between different actions and actors?

The main audience includes policymakers, advisors and operational units in MFA, as well as stakeholders outside MFA who are actively involved in AfT activities. The ToR is attached as Annex 1.

## 1.2 Background on Aid for Trade

AfT aims to contribute to increasing the volume and value of products developing nations export, to promoting their integration into the multilateral trading system and to enabling them to benefit from increased market access. As defined by the European Union (EU) and the World Trade Organization (WTO), AfT includes 'trade policy and regulations' and 'trade development', so-called 'narrow AfT', support to the supply side (that is, 'economic infrastructure' and 'building productive capacity', 'broad AfT'), as well as 'trade-related adjustment costs'. Finland's support to AfT incorporates activities under all of the AfT categories except for trade-related adjustment.

**Box 1** Organisation for Economic Co-operation and Development classification of Aid for Trade.

**Trade policy and regulations:** trade policy and administrative management; trade facilitation; regional trade agreements; multilateral trade negotiations; trade education/training

**Economic infrastructure:** transport and storage; communications; energy generation

**Building productive capacity (including trade development):** business and other services; banking and financial services; agriculture; forestry; fishing; industry; mineral resources and mining; tourism

**Trade-related adjustment**

Source: OECD 2011a.

### **1.2.1 Aid for Trade in the Context of the changing Political Economy of Global Trade**

Although trade can be an important driver of economic growth, poverty reduction and development, developing countries (especially least-developed countries (LDCs)) continue to face barriers to competing in the global market (Hallaert, Lammersen & Roberts 2010). The AfT initiative first gained prominence during the 2005 Hong Kong WTO Ministerial Meeting and led to a stronger focus on addressing supply-side constraints. Reductions in trade barriers have resulted in more interdependence and interconnectedness in the global market but, although developing countries help to drive global trade, the benefits of an open economy have frequently not reached those countries most in need (World Bank 2011). Meanwhile, the ongoing WTO Doha Round negotiations stress the importance of reductions in trade barriers to support the efficient exchange of goods between countries.

Furthermore, the ongoing global economic crisis has slowed progress. The integrated nature of the global market means that the effects of the economic decline are being felt in both developing and developed country markets. The impact of the downturn on low-income countries has varied (depending on the structure of the economy in question), but many have seen declining foreign investment, reduced demand for export commodities and job losses (te Velde 2010). This has further translated into decreased public spending (Wiggins, Sharada & Vigneri 2009). Fortunately, increased aid from non-traditional donors (including China, India and Brazil) and well-designed policy responses have helped limit the negative effects of shocks in some for low-income countries (te Velde 2010). Crisis-resilient growth (sound macroeconomic management, responsive institutions and diversification) has been stressed as a way of protecting against future shocks.



## **1.2.2 Cooperation at the European Union Level**

In 2007, the EU Council adopted the AfT Strategy as a joint EU policy initiative. This focuses on both securing more resources for AfT and monitoring the impact of AfT on development, particularly on poverty reduction (EU 2007). Finland is committed to fulfilling the collective pledge by EU Member States to increase trade-related assistance (TRA) to €1 billion per year by 2010. In 2006, Finland established a goal of increasing TRA (that is, narrow AfT: trade policy and regulations and trade development) to meet the EU's collective commitment.

The Cotonou Agreement, signed in June 2000, had established the basis for a new trading regime between the EU and African, Caribbean and Pacific (ACP) countries. This covers economic partnership agreements (EPAs) to gradually eliminate trade restrictions between ACP and EU countries, promote sustainable development and poverty reduction and strengthen regional integration, taking the different levels of development of the contracting parties into account. However, the global negotiation deadline of 31 December 2007 was missed – although, since then, one regional EPA has been signed (with the Caribbean Forum (CARIFORUM), October 2008, and several interim EPAs have been signed.

## **1.2.3 Addressing Behind-the-border Constraints and creating an enabling Environment**

Ability to trade is determined not only by market access in importing countries but also by the supply-side capacity of exporting countries. If a country is to increase the volume and value of its international trade, progress has to be made in areas outside the traditional domain of trade ministries, and regulatory agencies must also be included in addressing internal economic constraints. In addition, as trade spans multiple sectors, coordination is a key issue. In this regard, AfT aims to support the reform of trade policy and regulatory frameworks and the implementation of trade agreements, as well as building supply-side capacity. That is to say, building an effective enabling environment for trade is a core element of the AfT agenda. For instance, poor infrastructure hampers private sector development (PSD) and weakens the ability of developing countries to engage beneficially in trade. Development of trade-related infrastructure (ports, railways, roads) as well as so-called 'soft infrastructure' (transport policy, regulatory frameworks and institutions) is needed if countries are to integrate better into regional and global markets.

## **1.2.4 Finland's Aid for Trade Action Plan**

Finland has a strong interest in the AfT agenda, which is seen as part of the economically sustainable development pillar of the country's current development policy. Finland's AfT Action Plan outlines the country's contribution towards implementation of the EU AfT Strategy (MFA 2008). Its main objective is to reduce poverty, particularly in LDCs, by increasing AfT and enhancing its effectiveness in the context of environmentally and socially sustainable development. It aims to build the supply and

trade capacity of developing countries to better integrate into the global economy. AfT activities include ‘supporting trade policy, facilitating foreign trade, strengthening the operating environment of and skills in entrepreneurship and business life, as well as building an economic infrastructure’ (MFA 2010a).

In addition to meeting the EU’s commitments on AfT, Finland has set a target of increasing multilateral assistance to trade- and development-related agencies to €10 million per year by 2010. The EU AfT Strategy commits Member States to increasing support to broader AfT also; no targets are stipulated, except that increases be ‘proportionate to overall ODA [official development assistance] increases in ACP countries’. As stated in the AfT Action Plan, Finland aims to increase broader AfT as a share of aid.

**Box 2** Aid for Trade in Finnish development cooperation.

‘Finland’s Aid for Trade is directed towards agriculture and forestry and the production of sustainable energy. Priority areas include private sector capacity building and exploiting the opportunities provided by the information society. Through the above, Finland’s know-how creates clear added value to global sustainable development. Aid for Trade focuses particular attention on improving the position of women, together with other cross-cutting themes. Finland has supported private entrepreneurship, especially women’s entrepreneurship, incubators for micro-enterprises and SMEs [small and medium enterprises], training on entrepreneurship and rural businesses together with Finnish NGOs [non-governmental organisations] [...]. Strengthening regional, South–South trade connections and cooperation is an essential element of Finland’s Aid for Trade and promotion of economically sustainable development in developing countries.’

Source: MFA 2010a.

Finland’s AfT cooperation is divided into four overlaying pillars (as outlined in the AfT Action Plan):

**Themes** (private sector, information society, environment, cross-cutting issues);

**Sectors** (agriculture, forestry, energy);

**Aid for Trade categories;** and

**Geographical focus** (countries, regions, multilateral cooperation).

In 2006-2009, Finnish AfT commitments increased by 29.1% per year, while disbursements increased by 8.9% on average. Total AfT commitments have increased by 377% since 2006, while disbursements have increased by 238%. In 2009, total AfT commitments accounted for 38.5% of total sector-allocable aid, while AfT disbursements were 23.4%, having increased from 20.5 and 14.1, respectively, in 2006, therefore achieving the aim of increasing broad AfT as a share of aid.

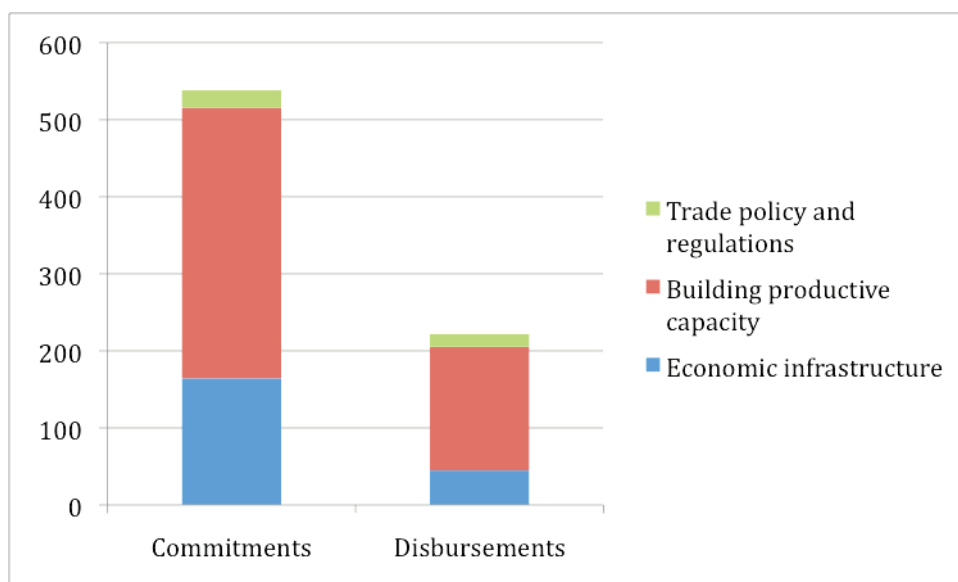
The largest AfT category (for both disbursements and commitments) is building productive capacity (approximately 72% of disbursements), which covers two of Finland's focus sectors (forestry and agriculture). Economic infrastructure accounted for around 20% of disbursements in 2006-2009, while trade policy and regulations accounted for approximately 8%. Total AfT disbursements and commitments are presented in Figure 1.

The AfT portfolio covers over 90 projects and programmes (bilateral, regional, multilateral and joint; 2006-2014). Each project or programme has at least one of the AfT categories as its focus. Finland also has a number of other instruments relevant for AfT (for example the Finnish Business Partnership Programme (Finnpartnership), the Finnish Fund for Industrial Cooperation (Finnfund), the Local Cooperation Funds (LCF), the Institutional Cooperation Instrument (ICI), concessional credits and NGO cooperation). Approximately 80% of Finland's support to AfT is implemented bilaterally, with the rest going through multilateral, international or regional organisations (including the World Bank, United Nations (UN) agencies, etc.). Over half of Finland's bilateral programmes are in Africa.

### Trade Policy and Regulation

The vast majority of Finland's trade policy and regulations AfT is channelled through international, multilateral and regional organisations, and trade development is a common element of support to many of these. Only one bilateral programme, Zambia's Private Sector Development Reform Programme (PSDRP), is classified as coming

**Figure 1** Commitments and disbursements 2006-2009 by AfT category (€ millions).



Source: MFA 2010b.

under ‘trade policy and regulations’. Zambia’s PSDRP is also the only example of a bilateral programme which covers all areas of AfT , excluding trade-related adjustment.

### **Building Productive Capacity**

Areas of focus include agriculture, forestry and business and financial sector services. The agriculture sector is one of the largest single areas for Finnish support, with disbursements totalling €16.5 million in 2009 alone, or 20.8% of total AfT expenditure, in 2006-2009, with a geographical focus on Africa, Kenya, Mozambique, Tanzania and Zambia. Agriculture is also one of the priority sectors of Finnish development cooperation in Nicaragua. Forestry made up about 21.3% of total AfT expenditure in 2006-2009 (€220.8 million), which corresponds to about 2.5% of total ODA spending.

### **Economic Infrastructure**

Sustainable energy expenditure (€27.9 million) accounted for 12.6% of total AfT spending in 2006-2009 (1.5% of total ODA spending during the period). Information and communication technology (ICT) made up 1.8% of total AfT spending in 2006-2009 (OECD 2011b). Commitments to ICT have been made since 2004: these increased significantly between 2006 and 2009, from \$1.1 million to \$50.2 million, but disbursements increased only modestly, being \$2.7 million in 2008 and \$1.9 million in 2009.

## **1.3 Scope of the Evaluation**

As per the ToR, this evaluation covers Finland’s engagement in AfT both at the policy/strategic level (especially related to the AfT Action Plan) as well as at the programmatic level. It focuses on Finland’s AfT as organised around the definitions agreed by the WTO AfT Task Force and the OECD data categorisation. Within these categories, the evaluation focuses on Finland’s priority themes (private sector, information society, environment, cross-cutting issues) and sectors (agriculture, forestry, energy) where the link to increasing the ability of partner countries to build economic capacity and trade is considered significant. In doing so, it identifies the extent to which Finland’s reported AfT portfolio is related to trade activities, outputs and outcomes. The main channels and modalities of support are considered (for example bilateral, multi-lateral, multi-bi) according to the AfT categories.

The evaluation also covers a number of sectors and themes pertaining to AfT and has broad geographical coverage (including partner countries in Africa and Asia), in order to ensure sufficient evidence to facilitate comparative analysis and reach robust conclusions and therefore recommendations.

## 1.4 Structure of the Report

The evaluation report is structured as follows. Section 2 introduces the methods, including the evaluation criteria. Section 3 briefly discusses AfT purposes and objectives, and Section 4 gives an overview of aid modalities and partnerships in AfT. Section 5 presents the general findings based on the evaluation criteria and the AfT categories. Section 6 discusses cross-cutting issues, Section 7 Finnish value added (FVA). Section 8 discusses reporting mechanisms for accountability. Sections 9 and 10 summarise the country and thematic case studies. Section 11 concludes and Section 12 presents the recommendations of the evaluation.

## 2 METHODS OF THE EVALUATION

### 2.1 Introduction

This chapter outlines the approach this evaluation employed. It describes the information resources available and how the evaluation team organised and analysed information and reached conclusions and recommendations. The methodology was developed in line with the ToR (Annex 1), MFA's guidelines on evaluation (MFA 2007a) and the methods proposed in the original tender document and the inception report. The main purpose of the evaluation is to assess the viability/feasibility of the present AfT Action Plan and to analyse whether its targeting, organisational setup and implementation fulfil the expectations and objectives set for AfT.

### 2.2 Conceptual Approach

The evaluation takes a systemic approach to embracing the various dimensions and issues related to AfT – exploring interrelations and interdependencies instead of analysing isolated facts and figures – to reflect the complexity and dynamic nature of the processes involved. For instance, it assesses the extent to which the AfT portfolio promotes Finnish AfT objectives and creates possibilities for interaction and influence, and considers the multidimensionality of AfT interventions and initiatives and the various influencing factors.

As mentioned above, the evaluation assesses AfT both at the policy/strategic level and at the programmatic level. In doing so, and in order to feed into overall conclusions on Finland's AfT agenda, it analyses not only the Action Plan but also the performance of AfT projects and programmes against the evaluation criteria in the evaluation matrix (Annex 3). The evaluation also explores how Finland's AfT supports broader strategic dialogue among different actors.

## 2.3 Evaluation Type

The evaluation was conducted as a thematic evaluation (in line with MFA guidelines), to include three thematic AfT studies. Thematic evaluations need to cover ‘a number of relevant individual interventions [...] to provide the thematic evaluation with enough material that can be assessed’ (MFA 2007a). Our thematic studies (Annex 11) draw on in-depth and comparative analysis across the countries visited during the field phase of the evaluation, as well as a review of the relevant literature. The evaluation also has similarities to a cluster evaluation – that is, the simultaneous evaluation of more than one development intervention operating or cooperating in the same sector.

## 2.4 Evaluation Matrix

The ToR included a set of evaluation questions prepared by MFA as a guideline for the evaluation team, which were grouped under evaluation criteria. The evaluation team analysed these questions and, where necessary, unpacked them, providing sub-questions (or research questions). The team then cross-referenced questions and potential indicators with Finland’s AfT Action Plan. This evaluation matrix (Annex 3) ensured compatibility across the analyses, at both country and thematic level. Having mapped it onto Finnish and internationally recognised evaluation criteria and indicators, means of verification were established. The evaluation was then conducted using the evaluation criteria, questions and indicators presented in the evaluation matrix. On the basis of the matrix, the evaluation assessed what works, what does not and why.

## 2.5 Evaluation Criteria

As stated in the ToR, the evaluation criteria include those defined by the OECD, relevance, efficiency, effectiveness, sustainability, impact, as well as additional criteria, coherence, coordination, complementarity, FVA (Table 1). Not all of these criteria are of equal importance. As discussed, the evaluation follows a systemic approach, focusing on the AfT Action Plan rather than being a synthesis or meta-analysis of projects or programmes. Hence, criteria which would be more important in a project or programme evaluation are less significant here. For instance, criteria such as impact are of lesser importance given the timeframe of the AfT Action Plan – that is, since the AfT Action Plan was published in 2008, and only three years have passed since then, it may be premature in many cases to measure the impact of AfT interventions initiated as a result of the influence of the Action Plan. Other criteria, such as relevance and internal and external coherence, are of great importance, particularly when exploring interrelations, interdependencies and the influence of the Action Plan.

**Table 1** Definition of the evaluation criteria.

<b>Evaluation criteria</b>	<b>Description</b>
Coherence	Coherence measures if and how goals central to Finland's or the partner country's development policy have been taken into account in planning and implementation, and how they have affected the intervention.
Complementarity	Complementarity measures how well interventions support one another and what specific skills and benefits the various partners in an intervention can bring to achieving desired outcomes. Are there areas in which partners add value to each other in support of the overall aims?
Coordination	Coordination is defined as activities of two or more development partners to mobilise aid resources or harmonise their policies, programmes, procedures and practices so as to maximise the development effectiveness of aid. Several levels can be distinguished (international, regional, national, sub-national, sectoral), as well as differences in content (policies, principles, priorities, procedures, practices) and intensity (consultation, cooperation, collaboration).
Effectiveness	Effectiveness is a measure of the extent to which an aid activity attains its objectives. It describes how well the results achieved have furthered the attainment of the purpose of the intervention, and whether the intervention has achieved its objectives or will do so in the future.
Efficiency	Efficiency concerns how well the various activities have transformed the resources available into the intended outputs (sometimes referred to as a result), in terms of quantity, quality and time. Can the costs of the intervention be justified by the results?
Impact	Impact concerns whether there has been a change towards the achievement of the overall objective(s) as a consequence of attaining the purpose of the intervention. It concerns the overall effects of the intervention, intended and unintended, long term and short term, positive and negative.

Relevance	Relevance relates to whether the results, purpose and overall objectives of the intervention are in line with the needs and aspirations of beneficiaries and the policy environment of the partner country and donor agencies. Has the situation changed since the approval of the intervention document?
Sustainability	Sustainability can be described as the degree to which the benefits the intervention produce continue after the external support has come to an end.
Value added	What is the value added provided by Finnish support?

## 2.6 Evaluation Methods

The specific methods the evaluation team employed included the following:

- **Documentation review:** Documentary evidence was reviewed and analysed, at both the policy and the programmatic level, based on the three main categories of AfT.
- **Interviews:** Additional information was obtained through key informant interviews (KIIs) and focus group discussions (FGDs) organised with MFA officials (in Helsinki and in the embassies), implementing partners and beneficiaries in partner countries, representatives of multilateral/international organisations and other stakeholders.

Field interviews were conducted during April-June 2011. Country visits were undertaken to Namibia, Tanzania and Zambia (Africa) and Lao People's Democratic Republic (PDR), Thailand and Vietnam (Asia). The team visited MFA officials in Helsinki during this period as well as multilateral/ international organisations in Geneva and Brussels. Interviews also took place with international organisations in Vienna and Paris by teleconference.

Over 250 people were interviewed through one-to-one KIIs or FGDs (Annex 2 for people consulted). In a number of cases, individual respondents had the opportunity to attend both one-to-one interviews and FGDs. The questions in the evaluation matrix formed the basis of the semi-structured interview guides, which were tailored to suit different stakeholders and contexts (annexes 4 and 5 in the desk report).

- **Portfolio analysis:** The team analysed the AfT project and programme portfolio as well as overall AfT flows according to the different categories of AfT. In order to obtain comparative data from across the portfolio, the team attempted to draw a purposive and stratified sample (rather than a random sample) of projects and programmes, based on the following criteria: whether interventions are classified by MFA as AfT; statistical reporting requirements, i.e. OECD Creditor Reporting



System (CRS) AfT classifications; geographical balance; size/value; timing (2006+); and existence of robust monitoring and evaluation (M&E) frameworks. The latter criterion was particularly challenging, given the absence of project and programme documentation in many cases. In terms of bilateral projects and programmes, the team focused on interventions in the case study countries, given the need to obtain additional documents and triangulate findings through interviews.

The sample (a total of 35 projects and programmes) includes 21 regional and bilateral projects and programmes covering the three AfT categories. These focus on building productive capacity, including trade development (PSD, financial sector development, agriculture and forestry) and economic infrastructure (ICT, innovation and energy). The sample also includes 14 multilateral/international organisations, which receive the vast majority of trade policy and regulations support, as well as trade development support (part of building productive capacity). The full list is presented in Annex 5.

The evaluation was conducted in four distinct phases, with a number of key outputs:

- In the first phase, the team familiarised itself with an initial selection of background material, agreed the evaluation methodology and prepared a work plan, culminating in the production of an **inception report**.
- The second phase consisted of the production of a comprehensive **desk study**. At this stage, a more thorough analysis of documents was undertaken and the portfolio review commenced. The desk review was undertaken against the evaluation matrix, with internal draft thematic papers, based on the AfT categories and Finland's thematic and sectoral focus, prepared and fed in. The choice of countries was decided in close consultation with MFA to include both long-term bilateral cooperation partners (Tanzania, Vietnam and Zambia) and others (Lao PDR, Namibia and Thailand) based on the presence of AfT-related instruments.
- During the third phase, field visits and interviews (partner countries and multilateral/international agencies) were conducted and a **policy brief** was prepared, outlining preliminary findings from the evaluation as an input into Finland's contribution at the OECD–WTO AfT Global Review.
- The fourth phase involved an in-depth analysis of findings by the evaluation team and the production of the **final report**, along with country and thematic annexes (Annex 10; Annex 11).

Since the tasks were divided across the team, guidelines were agreed in advance to ensure consistency in the assessment. Given the nature of the evaluation, it was essential that, in making judgements about the AfT Action Plan and the Finnish AfT portfolio, the evaluation team have a common understanding of the evaluation criteria and their relative importance. This common understanding was built through team-wide workshops on methodologies based on MFA's evaluation guidelines and other documents outlining internationally recognised evaluation criteria (including those produced by the OECD Development Assistance Committee (DAC)). Throughout the evaluation, the team leader and other team members reviewed outputs produced by each team

member to ensure consistency in terms of judgements made. The methodology and key outputs were reviewed through an external peer review process.

## **2.7 Limitations**

### **2.7.1 Results Framework**

Without an official results-based management policy and a clear strategic framework for development cooperation, performance analysis is largely at the level of individual projects and programmes. Where performance frameworks exist, reporting often focuses on inputs (for example financial), activity-level indicators and, to a lesser extent, outputs. Reporting on outcomes and impact is particularly scarce. In addition, there is no mechanism through which to aggregate monitoring results to assess performance by country, region or theme. This imposed a challenge on the evaluation's ability to comment on effectiveness and impact.

### **2.7.2 Access to Documentary Evidence**

A preliminary study (Ruotsalainen 2011) sought to identify part of the relevant literature. Thus the study was incomplete and did not reflect the full set of relevant documentation available in MFA in Helsinki. In addition, many key documents are held on the computers of individual staff members, with duplicates not held centrally. Hence, a more complete documentary analysis relied on key documents being collected from individual implementing partners or advisors once the field missions commenced. Even so, a complete set of documents for projects and programmes (project documents, logframes, appraisal reports and reviews (mid-term/annual/semi-annual)) was not available for any of the projects and programmes. It should be noted that the selection of a purposive and stratified sample of projects and programmes required for comparative analysis was also constrained by the unavailability of documents, particularly monitoring reports.

[Editor's note: MFA provided for inclusion of a junior member of the team tasked to retrieve and search for the relevant documentation.]

### **2.7.3 Ministry for Foreign Affairs Briefings**

Early MFA briefings were incomplete (owing to limited availability of time in the AfT team). Indeed, the evaluation team was requested not to engage with MFA officials until after submission of the desk report. The team was also asked to conduct group meetings wherever possible, reducing the scope for in-depth discussions. Combined, these factors constrained the team's orientation and understanding of key issues, particularly given the inadequate availability of documentary evidence in the early stages of the evaluation.

### 2.7.4 Timeline

This evaluation was completed in a tight timeframe. This had implications for the length of time available for each phase (inception, desk study, country-level and organisational consultations, synthesis process, report writing) and therefore for the depth of analysis possible. This is particularly relevant to the broad nature of Finland's AfT portfolio, the number of country visits (six) and the number of visits to multilateral organisational possible.

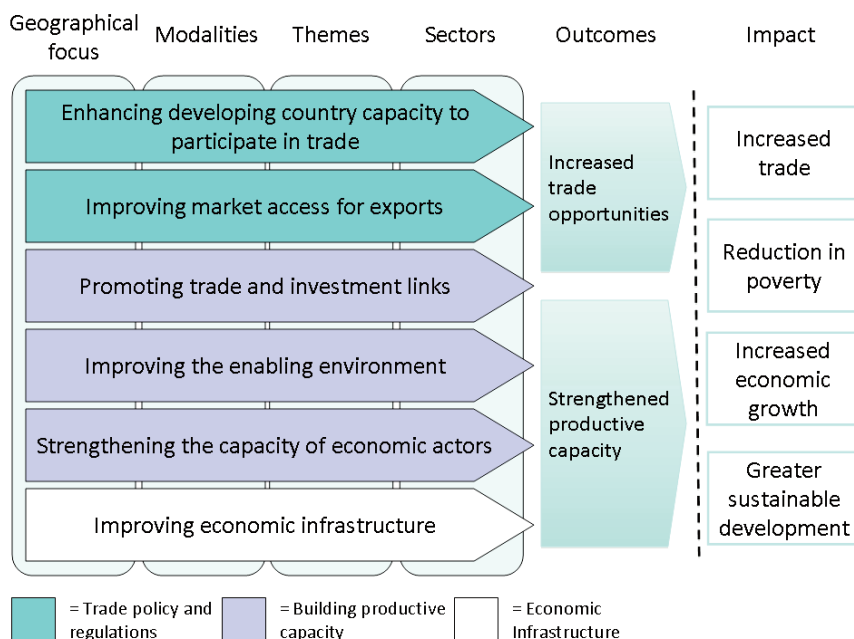
## 3 AID FOR TRADE ACTION PLAN: PURPOSE AND OBJECTIVES

The AfT Action Plan lists a number of action points at the activity level, rather than at output and outcome levels. Progress on implementing these is reported regularly through an AfT action matrix (by MFA's AfT and Trade and Development Team), which also captures projects and programmes 'tagged' as AfT (MFA 2010c; MFA 2011a). At present, the AfT Action Plan does not have clearly defined quantifiable indicators against which progress can be monitored, except on targets for TRA volumes.

Ideally, to operationalise the AfT Action Plan, an understanding of how inputs (such as expenditure and staff time) are intended to translate into outputs, outcomes and impacts is required (that is, delivery against strategic objectives). Describing the Action Plan's 'intervention logic' was seen as important to help in obtaining an understanding of these linkages and in enabling an analysis of whether the results chain was being realised. It would also identify any potential bottlenecks to achieving the desired results. However, the conceptual framework behind the Action Plan is not clearly articulated in the document. This may be partly because of the document's perceived purpose as an 'influencing and communication tool' rather than a strategy *per se* (Section 5).

Nevertheless, the evaluation team analysed the Action Plan and attempted to draw out its underlying logic (fitted retrospectively). The following objectives were identified: enhancing developing country capacity to participate in trade; improving market access for exports; promoting trade and investment links; improving the enabling environment; strengthening the capacity of economic actors; and improving economic infrastructure. The overall outcomes are increased trade opportunities and strengthened productive capacity. The overall impact is to increase trade and economic growth and reduce poverty, particularly in LDCs, by increasing AfT and enhancing its effectiveness in the context of environmentally and socially sustainable development. Figure 2 presents a simple and stylised intervention logic for the Action Plan. It should be noted that, for the majority of projects and programmes, a specific intervention logic is developed based on the particular context (political, economic, social, institutional, etc.).

**Figure 2** Aid for Trade Action Plan: conceptual framework.



Geographical focus = countries; regions; multilateral cooperation  
 Modalities = multilateral agencies and EU cooperation; programme cooperation; project cooperation; funds for local cooperation; institutional cooperation; Finnpartnership; Finnfund; concessional credits  
 Sectors = agriculture; forestry; energy  
 Themes = private sector; information society; environment; cross-cutting

## 4 AID MODALITIES AND PARTNERSHIPS

### 4.1 Aid Modalities

Finland deploys a range of aid modalities through bilateral projects and programmes as well as multilateral organisations. It uses **programme-based cooperation** in its long-term partner countries in sectors relevant to AfT such as forestry (MFA 2008, 21), but **project cooperation** also remains an important form of assistance. The **LCF** is used by Finnish embassies as a tool to strengthen productive capacity and promote local entrepreneurship, as well as to provide institutional strengthening to local chambers of commerce (Ruotsalainen 2011). The **ICI**, on the other hand, is used to strengthen collaboration and capacity-building efforts between institutions. In the context of AfT, it is used particularly in the mining and forestry sectors. In addition, around a quarter of Finland’s bilateral development cooperation is channelled through **Finnish NGOs**, and a number of ongoing projects have strong links to AfT.

**Finnfund** is a Finnish development finance institute that offers long-term risk capital to profitable projects in developing countries, focusing on those which ‘include Finnish value added’ (MFA 2008, 17). Administered by Finnfund, **Finnpartnership** was established in 2006 to provide a channel for cooperation between the Finnish business sector and companies in developing countries. In addition, Finland provides **concessional credits**, which are commercial export credits subsidised through concessional interest rates funded by Finland’s ODA, focused particularly on environmental and infrastructure-related investments. Their share in Finnish ODA was 4.5% between 2002 and 2008.

In 2009, around 40% of Finland’s development cooperation was channelled through **multilateral organisations** (Ruotsalainen 2011). According to OECD imputation, this translates to around \$50.9 million in 2009, down from \$78.1 million in 2007 (OECD 2011c) – above the EU target of increasing multilateral assistance to trade and development-related agencies to €10 million by 2010. The AfT portfolio contains contributions to nearly 20 international and multilateral organisations, with a value ranging from €160,000 to €14.4 million. In addition to financial contributions, Finland is actively participating in the work programmes of many of the organisations it is funding.

## 4.2 Stakeholders and Partnerships

With respect to **Finnish stakeholders**, the AfT Action Plan notes that close collaboration is required between MFA, the private sector, civil society and other stakeholders (MFA 2008). The key stakeholders in AfT within MFA are the Department for Development Policy (KEO) and the Department for External Economic Relations (KPO). KEO is in charge of promoting the AfT initiative within MFA, particularly to the regional departments. KPO is charged with international trade policy agreements, issues related to market access and broad issues of trade and development, among others. KEO and KPO also jointly coordinate the AfT Working Group within MFA. Meanwhile, development and implementation of much of the AfT portfolio is the responsibility of the regional departments and the embassies. The Ministry of Employment and the Economy (MEE) is one of the main actors outside of MFA involved in AfT. Other key actors include the Finnish private sector, universities and NGOs.

**Bilaterally**, Finland’s AfT is focused on its eight long-term partner countries: Ethiopia, Kenya, Mozambique, Nepal, Nicaragua, Tanzania, Vietnam and Zambia. Assistance is based on multiannual cooperation plans, with a comprehensive review of all key partner countries undertaken at the beginning of each new programming period.

At the **multilateral** level, the main actors are the OECD, the WTO and the EU. Finland works closely with multilateral organisations and institutions, and generally prefers to be involved in work programmes rather than funding specific activities. Finland provides core funding to a number of international organisations working on AfT-related issues, such as the International Trade Centre (ITC), normally based on

annual contributions or support to selected programmes. Finland also participates actively in international AfT fora, and works closely with key international actors, including the EU and the OECD.

**Regional partnerships** that are classified (at least partly) as AfT include the Energy and Environment Partnership (EEP) as well as partnerships on ICT and innovation. Finland has mobilised other donors to co-fund these, and Austria, the EU, the Nordic Development Fund and the Development Bank for Southern Africa have joined the partnerships. The recently established Wider Europe Initiative, a framework programme for Eastern Europe, the South Caucasus and Central Asia, is also significant.

## 5 GENERAL FINDINGS

### 5.1 Role and Relevance of the Aid for Trade Action Plan

In this section, we discuss the role and relevance of the AfT Action Plan, including the extent to which it is appropriate in guiding AfT interventions. The key objectives of the Action Plan include to familiarise MFA and embassy officials with AfT and to mainstream AfT thinking throughout the organisation. At the time of preparing the Action Plan, the concept of AfT and the international AfT agenda (or initiative) were still relatively unknown, particularly in MFA. Moreover, few other donors or partners had AfT action plans, strategies, etc. – Finland's was one of the first of its kind. AfT thinking in the context of development cooperation was relatively limited.

The AfT Action Plan provides the parameters for AfT support in terms of categories, themes and sectors, and hence is a potentially valuable tool to inform the identification and design of future AfT, including kinds of interventions to support, types of implementing partners and geographical focus. The AfT checklist provides a tool for MFA officials, consultants and potential implementing agencies and beneficiaries to guide project and programme design, including the development of funding proposals. The Action Plan lists a number of action points, to which embassies and regional departments have signed up; this has been useful in creating some momentum behind the AfT initiative. Progress on achieving these action points has been reported regularly through an AfT action matrix, which also lists Finland's projects and programmes classified as AfT.

The AfT agenda has benefited from high-level institutional support from within MFA. According to interviews with the ministry and embassy officials, the Action Plan has helped improve understanding of AfT within MFA and across embassies and has proven to be a useful communication and influencing tool. This has supported the communication of the AfT agenda (KII, MFA). Many of the MFA officials based in embassies in the partner countries visited have referred to the AfT Action

Plan to better understand the broad parameters within which AfT support should be provided.

Furthermore, the process of formulation of the Action Plan was considered valuable (by those involved and those interviewed) in terms of increasing awareness of AfT, with some interviewees considering the formulation process more important than the final document in this regard. This success was driven by the involvement of large numbers of internal stakeholders and their engagement in discussions about the role of AfT within Finnish development cooperation. This ensured that the AfT agenda was more widely understood than previously, in particular the position of AfT within the wider Finnish development cooperation portfolio. Widespread internal discussion on the role of AfT within Finnish development cooperation raised a number of important internal debates and began the process of building a shared understanding. It also highlighted the contribution that can be made across a range of sectors in terms of enabling partner countries to engage in international trade and promote economic development more effectively. The AfT Action Plan has also given PSD a new emphasis within MFA (KII, MFA).

However, there remains a degree of confusion about the definition and purpose of AfT among some MFA staff and implementing partners, with some unclear about the role of their project(s) in contributing to Finland's AfT agenda. For example, a number of MFA officials in embassies associate AfT mostly with the promotion of trade between the aid recipient and Finland. However, this is only one element of Finland's trade and development agenda (second bullet point in Box 3). This misunderstanding arises mainly among staff who are not involved in AfT directly and those who are involved in broader elements of AfT (with some of these unaware that their portfolio is categorised as AfT). This points to a need to continue communicating the purpose and objectives of AfT as well as its coverage.

**Box 3** Finland's trade and development agenda.

Finland's trade and development agenda comprises three areas:

- **Trade policy and development:** Finland promotes the inclusion of development concerns in global and EU trade agreements to enable developing countries to participate more effectively in international trade and to help facilitate imports from developing countries into the EU area as well as to other developed and developing countries.
- **Trade and investments:** Finland seeks to strengthen and diversify PSD by promoting trade and investments between Finnish and developing country enterprises.
- **Aid for Trade:** Finland seeks to strengthen the supply and trade capacity of developing countries to help them integrate better into the global economy through ODA.

Source: MFA 2008.



It is important to note that the AfT Action Plan does not incorporate SMART (specific, measurable, attainable, relevant and time-bound) indicators and targets against which progress can be measured. Its focus is on inputs and activities, rather than outputs and outcomes. Nor does it have a clearly defined and articulated conceptual framework (although the evaluation team attempted to unpack and present this – as Section 3 outlined) indicating how sectoral interventions (for example in energy or forestry) can link to the enhanced volume and value of goods partner countries trade. These gaps have had implications for implementation and have limited the potential accountability role of the Action Plan.

As a communication tool, such quantifiable indicators and targets are not necessarily required, since projects and programmes typically develop these. However, as an action plan, common high-level expected results (indicators and targets at the impact and outcome level) as part of a clear conceptual framework would be useful in guiding the design and implementation of the AfT portfolio, while adhering to the principles of country ownership and alignment. According to KPO-10 and KEO-03 (Unit for the EU's Trade Policy and Economic Relations and the AfT coordinator in the Department for Development Policy, respectively), developing a detailed action plan with a results framework (including SMART indicators), holding embassies and regional departments accountable, would have been very difficult at the early stages of the AfT initiative, particularly given the lack of results frameworks for other areas of ODA (whether themes or sectors or overall ODA).

## **5.2 Relevance of Finland's Aid for Trade in the Global Environment**

This section considers the extent to which Finland's AfT is relevant in the current global context. For instance, the AfT Action Plan's goal of '[promoting] inclusion of development concerns in global and EU trade agreements to enable developing countries to participate more effectively in international trade' is vital. As an area of binding constraint facing many countries, especially LDCs, it is relevant for most developing countries. Over the past decade, the relative weight given to market access and removing trade barriers to increase trade has diminished, with supply-side issues gaining greater prominence. Nevertheless, the Action Plan stresses the need to tackle both market access and supply-side capacity.

Meanwhile, the trade agreement landscape has evolved, with regional and bilateral arrangements increasing in significance. This has had impacts in terms of the relevance (as well as effectiveness) of Finland's AfT support, particularly under trade policy and regulations. Finland has directed significant resources towards institutions that include workstreams to support multilateral trade negotiations as part of the WTO Doha Development Agenda (DDA). Given delays in concluding these negotiations, and the increasing focus on EPAs and regional and bilateral agreements, the relative importance of the former for developing countries has diminished – although there



is now a concerted push to conclude negotiations, with the December 2011 Ministerial Meeting a key milestone in this regard. A number of Finnish-supported Geneva- and Brussels-based organisations have amended their work programmes to reflect changes in priorities in the global trading environment.

Meanwhile, the AfT Action Plan states Finland's interest in supporting the implementation of EPAs through regional EPA funds. Finland supports some EPA-related initiatives (for example core funding to the work of the European Centre for Development Policy Management (ECDPM) and the International Development Law Organisation's (IDLO's) AfT programme). However, little progress has been made in terms of implementing EPAs, given delays in finalising EPAs as well as in establishing development funds. Growing dissatisfaction with the negotiations and the content of EPAs has led many ACP countries to become unconvinced of the potential benefits, while the EPAs contain only moderate enforcement provisions and some ambiguity over what needs to be done (Stevens 2011).

In addition, regional trading agreements within and between regional blocs (for example the East African Community (EAC), the South African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA) are increasing in importance. The Action Plan highlights the importance of AfT in supporting regional integration and cooperation. Much of Finland's support concentrates on regional cooperation programmes that do not promote regional integration *per se*, although the country does provide support to the regional integration efforts of the EAC through the EAC Partnership Fund (EAC-PF). According to Finland's response to the OECD–WTO donor questionnaire on AfT, demand for AfT for regional cooperation has increased, but this is not so much the case for regional integration. However, according to a survey of OECD DAC donors, 'over half of bilateral donors report an increase in demand' to support regional integration' (OECD 2011a). Reports from surveyed partner countries were similar, with many stating a stronger focus on regional integration.

In conclusion, the evaluation finds that, while Finland's support reflects global trends and priorities on the whole, it may be 'behind the curve' in terms of responding to changing needs and priorities.

### **5.3 Importance of Trade in National Development Strategies**

In order to assess whether trade-related issues are a priority for each of Finland's partner countries, we reviewed national development strategies to see the extent to which they integrate trade-related issues. Mainstreaming trade into development strategies can help harness the potential benefits of trade and increase economic development. The relationship between trade and poverty reduction is not automatic, though, and needs to be managed and made compatible with country development strategies and policies (OECD 2011d). This requires raising the profile of trade within the context of development – ensuring that trading sectors are well integrated into the wider

economy through backward and forward linkages; and that investments in human capital and infrastructure (etc.) are made which will enable poor people to engage not only in trading sectors but also in those that are moving up the value chain. The process of trade mainstreaming must be based on national ownership and political commitment (UNDP 2008). Once trade is part of the wider development framework, co-ordinated sets of activities can be undertaken to sequence trade and complementary reforms to promote economic growth and development.

In many of the documents, trade-related issues are included as a separate section; in others, it is integrated throughout the document. Effective integration requires an analysis of the various different sectors, as well as enabling factors, from the perspective of building capacity to trade. In order to trade, countries need to tackle supply-side constraints and build productive capacity, including supporting the development of a conducive policy and regulatory framework that will enable producers, workers and consumers to gain from well-functioning markets and institutions.

In 2009, at the global level, 96% of partner countries who answered the OECD–WTO AfT questionnaire had fully (55%) or partially (41%) mainstreamed trade into their development strategy (OECD 2011c). There are significant differences between regions: all Asian countries have either fully (67%) or partially (33%) mainstreamed trade into their development strategy; in Africa, 7% of countries have not mainstreamed trade at all. For Finland, a number of long-term partner countries reported that trade had been mainstreamed into their national development strategy:

- **Ethiopia:** Trade is partially mainstreamed into the national plan. The country is planning to update its operational strategies to reflect AfT priorities.
- **Kenya:** Changes to AfT priorities have been mainstreamed in the national development plan and operational strategies have been updated accordingly.
- **Mozambique:** Trade is given a high priority within the country's national development plan.
- **Nepal:** Trade is fully mainstreamed into the national development plan. Trade and industry are among the six strategies in the plan, and mainstreaming in sector planning is in the process.
- **Nicaragua:** Changes to AfT priorities have been mainstreamed into the national development plan and operational strategies have been updated accordingly.
- **Zambia:** Trade is fully mainstreamed into the national development plan.

The evaluation team attempted to validate these findings by reviewing a number of national development strategies to assess the degree to which trade-related issues are effectively represented:

- **Ethiopia** (Government of Ethiopia 2006): Trade is a major priority within the economic pillar of the strategic plan. Objectives include ensuring modern and fair trading practices as well as improving the transparency and fairness of the institutional framework for trade operations. Particular emphasis is placed on intensifying international trade and improving domestic marketing systems. As such, trade-

related targets include (i) introducing fundamental change to improve trade registration and licensing services; (ii) supporting consumers' rights and security by improving the regulatory framework for trade; (iii) increasing the benefits accruing to Ethiopia from international systems governing trade relations and negotiations; (iv) strengthening the marketing system for domestic products; and (v) strengthening the capacity of cooperatives.

- **Kenya** (Government of Kenya 2005): In the national development strategy, manufacturing, wholesale and trade is one of six components of the economic pillar. The trade sector is expected to play a crucial role towards the attainment of national development objectives, including the Millennium Development Goals (MDGs). Under the economic pillar, programmes for implementation include (i) strengthening the capacity of the institutions involved in trade development and negotiations; (ii) establishing incentive programmes such as export performance awards to facilitate penetration into new markets; and (iii) establishing an export development fund to promote product development, value addition, market development and diversification. The strategy also identifies increased AfT as a necessity for Kenya's improvement in competitiveness and ability to take advantage of emerging export opportunities.
- **Mozambique** (Government of Mozambique 2011): There are few explicit references to trade in the Poverty Reduction Action Plan. Facilitating market access is a priority, but the focus is primarily on infrastructure and rural development. Building productive capacity in the agriculture and fisheries sectors is also mentioned.
- **Nepal** (Government of Nepal 2003): Trade is considered part of broad-based growth, and Nepal wants to increase its contribution to the economy. Strategies include (i) trade policy to be made compatible with regional/international agreements; (ii) enhancement of competitiveness; and (iii) involving the private sector in export promotion. Nepal will take steps to reduce export costs.
- **Nicaragua** (Government of Nicaragua 2009): Trade is considered to a certain extent as part of the growth pillar. Nicaragua aims to regulate its trade relations with the rest of the world, guided by the notion of fair and competitive trade. It aims for a stable and predictable rate of exchange, the free use of hard currency, the free convertibility of currencies and a tariff policy congruent with its commercial interests, including respect for international commitments acquired.
- **Tanzania** (Government of Tanzania 2010): While recognising the importance of export growth and competitiveness, Tanzania's strategy does not have any explicit focus on trade (export growth) as a key driver of growth. Instead, trade and competitiveness issues are mentioned lightly, with no reference to the Tanzania Trade Integration Strategy (TTIS) 2009-2013, adopted by the Cabinet in 2008. The document does have explicit and focused priority programmes aimed at enhancing export development and competitiveness. It also states that the government will curb imports in view of promoting the consumption of domestically produced goods. The prioritisation of sectors is not followed by any sector-specific interventions.

- **Vietnam** (Government of Vietnam 2006): Trade is strongly identified as a priority under the economic pillar of the Vietnamese Five-year Socio-economic Development Plan. The goal is to improve the growth of exports and boost the production of goods with competitive advantage as well as to develop potential products into new key exports to improve export efficiency. Vietnam furthermore aims to shift the export structure to accelerate exports of high value added goods while gradually reducing the ratio of primary goods. With respect to imports, goals include controlling the trade deficit.
- **Zambia** (Government of Zambia 2011): Commerce and trade are identified as priority sectors for growth, and the Sixth National Development Plan is focused on expanding the scope and coverage of Zambia’s multilateral, regional and bilateral arrangements, such as free trade agreements (FTAs) and EPAs, to ensure greater access to markets, trade and investment opportunities. The vision is ‘to become an export driven, competitive and viable commerce sector by 2030’ and the goal is ‘to increase the contribution of exports to GDP [gross domestic product] from 35% to 40%’. The strategic focus of the sector is on value addition to locally produced goods for increased domestic and foreign market earnings; and development of both hard and soft infrastructure, including raising the quality of human capital, research and development capability and management systems. The plan targets the following products of high export potential: processed foods, textile and garments, engineering products, gemstones, leather and leather products and wood products, as well as agricultural products such as coffee, tobacco and cotton.

Focusing analysis on Finland’s long-term partner countries (Ethiopia, Kenya, Mozambique, Nepal, Nicaragua, Tanzania, Vietnam and Zambia), we see that trade-related issues are highlighted in key policy documents in all long-term partner countries.

#### **5.4 Responding to and aligning with Country Priorities and building Ownership**

Finland’s Programme Management Guideline states that integral to project/programme design, appraisals and the planning of interventions is the assessment of country priorities and needs. This is carried out through bilateral negotiations with long-term partner countries held every two to three years, and its effectiveness depends on the quality and completeness of the partner government’s analysis. However, building a good understanding of context and a deep and evidence-based analysis of the binding constraints to trade (country and regional) is crucial if Finnish AfT is to meet the AfT-related needs of its partner countries beyond, for instance, aligning with priorities stated in national development strategies – which are often very general (and thus easy to align with).

The AfT Action Plan states that AfT cooperation should ‘always be based on the needs and ownership of the partner country’, and that regional-level AfT should reflect national priorities. Interventions in focal sectors take place only after consulta-

tion with national stakeholders, to help strengthen ownership and alignment. In most of the partner countries visited, there are examples of significant ownership and alignment where, for instance, Finland supports large-scale government programmes and the implementation of government strategies. Also, as the preceding section discussed, trade-related issues are priorities (to different degrees) in all of the national development strategies reviewed, hence it might be inferred that supporting AfT-related interventions demonstrates alignment with country priorities at a very general level.

According to Finland's response to the OECD–WTO AfT donor questionnaire, since the launch of the AfT Action Plan, 'AfT has become a standard element of all bilateral cooperation dialogues and hence contributed to significantly improved alignment with partners country priorities'. The response also states that over 75% of AfT projects and programmes are aligned with the trade priorities in partner countries' national development strategies. However, as discussed in Section 5.5 on coherence, a significant number of Finland's AfT projects and programmes do not explicitly include trade-related activities or outcomes. Based on our sample results, we can infer that the reported figure of 75% appears to be an overestimation.

Support to AfT is focused on Finland's long-term partner countries, as well as a number of other countries which have other types of instruments at their disposal (for example regional and headquarters- (HQ)-led instruments, for example the ICI, regional programmes, etc.). Finland's overall bilateral cooperation is often well aligned with national development strategies, through the process of consultation and negotiation, with key sectors and interventions agreed on the basis of country needs. However, a significant amount of Finland's AfT interventions does not fall under bilateral cooperation. For instance, regional projects and programmes and multilateral support, as well as the use of other instruments of Finnish development cooperation, are not discussed as part of bilateral consultations and negotiations and are not based on an overall assessment of needs in-country. For example, the EEP (a regional programme) responds to needs articulated by organisations through project proposals within relatively strict parameters of what can and cannot be funded. As such, it responds to needs articulated by particular institutions but these do not necessarily reflect the overall needs of the country on energy and environment. Again, this suggests lower levels of alignment of the AfT portfolio with national development strategies than reported.

According to Finland's response to the OECD–WTO AfT donor questionnaire, there has been moderate improvement in terms of alignment with the Enhanced Integrated Framework (EIF), in parallel with Finland's significant increase in contributions (although there is large variation between countries); alignment with partner country priorities is said to have improved greatly. Between 25 and 50% of Finland's AfT projects and programmes are identified as being aligned with Diagnostic Trade Integration Study (DTIS) action matrices, according to the questionnaire. DTISs are prepared under the EIF process (only for LDCs) and provide an assessment of internal and external constraints to trade and an action matrix including priority interventions.

In many countries, these are used as the basis for an assessment of trade-related needs (for example Lao PDR, Tanzania and Zambia). In the context of the EIF, there is evidence of alignment (or attempts at alignment) by donors of AfT support with trade priorities in DTISs and associated action matrices, with projects and programmes being developed in response to the matrices. For instance, for the three countries with DTISs visited by the evaluation team,

- **Lao PDR:** A number of initiatives have been developed in line with the DTIS, including the Trade Development Facility (TDF) (a multi-donor trust fund), which was designed to respond to the main challenges identified in the DTIS and action matrix. The TDF is implemented by the government through government systems. Together with the EIF, it is working towards developing a sector-wide approach (SWAp) for trade and PSD.
- **Tanzania:** The TTIS is based on an updated and prioritised DTIS action matrix (Government of Tanzania 2009). It outlines existing (and potential) donor-supported projects and programmes against each priority (for example the Danish International Development Agency (Danida), the Swedish International Development Cooperation Agency (Sida), the World Bank, etc.). A Trade Sector Development Programme is currently being developed to implement the TTIS, to be supported by a multi-donor basket fund to be created by several donors and to operate within the government budget planning process. In February 2011, the Standards and Trade Development Facility (STDF) funded a proposal to harmonise sanitary and phytosanitary frameworks in Tanzania, based on priorities outlined in the DTIS (and TTIS).
- **Zambia:** The EIF (including the DTIS and the action matrix) has been integrated into the PSDRP through the trade expansion pillar, aimed at improving the competitiveness of the private sector. Given scarce project proposal formulation skills in the Ministry of Commerce, Trade and Industry (the focal ministry for the EIF), few project proposals have been developed by the EIF focal point in response to priorities developed in the DTIS. However, the DTIS has been useful in leveraging assistance from donors, with some donors designing projects to address priorities outlined in the DTIS. For instance, the STDF assisted in developing a project to address post-harvest contamination problems for paprika and groundnuts in Malawi and Zambia, which was then integrated into UNIDO's Joint Trade Capacity Building Programme for Zambia (WTO 2009). However, there remains significant scope for donors to further align their support with what is set out in the DTIS.

However, according to recent statistics from the OECD, LDCs account for only 35% of Finland's AfT commitments therefore, even if all AfT support were aligned with DTISs, the maximum share could be only 35%. Meanwhile, in the case of Finland's AfT portfolio, a substantial proportion of projects and programmes make no reference to DTISs or other trade-related analysis on binding constraints to trade. No documents in our sample of 21 bilateral and regional projects and programmes classified as AfT make reference to DTISs or trade-related needs assessments. As mentioned above, this is partly because a significant number of projects and programmes classified as AfT by Finland do not explicitly include trade-related activities or outcomes.



Of the three EIF countries visited, Finland provides direct funding to country EIF programmes in Zambia only (through bilateral cooperation). Finland has aligned a substantial amount of bilateral AfT support (€2.25 million in Phase I 2006-2009; €7.5 million in Phase II 2010-2014) with the Zambian government-led PSDRP, which includes the trade expansion pillar. However, Finland does support all EIF countries through its contributions to the global EIF Trust Fund.

In Tanzania and Lao PDR, the embassies do not use DTIS-related documents (the TTIS in Tanzania) or mechanisms (the TDF in Lao PDR) in determining priorities and aligning support. For instance, in Tanzania, a significant share of bilateral AfT support is channelled through regional projects and programmes which, while often developed based on national needs, do not reflect trade-related priorities in Tanzania's TTIS. This is partly because DTISs etc., are more often used as a reference point for more narrowly defined AfT, which is not an agreed priority area for Finland in either Tanzania or Lao PDR at present. Finnish support in both countries falls under wider AfT (for example forestry) and in many cases is related only distantly to trade, hence, other sectoral needs assessments (forestry, energy) are used.

In terms of support channelled through multilateral and international organisations, particularly Geneva-based trade and development organisations, evidence of alignment with national priorities is in many cases limited. This owes partly to the lack of country offices and the limited ability (or feasibility) of many of these organisations to undertake country needs assessments, especially where projects and programmes are global in nature. This issue is not peculiar to Finland and applies to most donors providing support to international/multilateral organisations.

In terms of using country systems, a number of examples show evidence of alignment and of helping to boost country ownership. For instance, Finland uses government systems (decision making, budgetary allocations, administration, monitoring) when providing general budget support in Mozambique, Tanzania and Zambia. Finland also channels funds through pooled funds officially administered by government, for example the Trust Fund for Forests in Vietnam (TFF) and the PSDRP and the Financial Sector Development Plan (FSDP) in Zambia. However, in the case of the TFF, administration and monitoring have, in fact, been projectised into an enclaved unit within the relevant ministry, and administration (including monitoring and reporting) is supported by international technical assistance (TA), possibly limiting the potential for greater country ownership.

Finland reports on the OECD–WTO questionnaire that it ‘sometimes’ relies on partner countries’ monitoring systems (giving the PSDRP in Zambia as an example), and that it conducts joint monitoring for sector-wide programmes or other joint programmes but employs its own system to monitor and evaluate its bilateral activities. Joint monitoring with other donors does take place in some circumstances, for instance where Finland is providing support through multilaterals (for example to the International Finance Corporation (IFC) Mekong Private Sector Development Facility (MPDF) III in the Mekong region), but not always in others (for example the Me-

kong River Commission (MRC), where bilateral donors fund specific pillars of the work programme and require separate reports).

In order to build ownership, the intended beneficiaries of Finnish AfT should be invited to collaborate in all stages of programme design and monitoring and to have a role in steering the direction of any interventions. Evidence from the country studies suggests that beneficiaries are not always adequately involved in project development, implementation and monitoring. In Zambia, the PSDRP II is considered a government-owned programme, but ownership beyond the government is considered inadequate. In particular, the selection of modalities that do not enable the private sector to benefit has meant that ownership by the Zambian private sector is low, despite such concerns being highlighted in the evaluation of the PSDRP at the end of Phase I. Also, in the early phases of the EIF in Zambia, limited engagement of particular stakeholders (parliamentarians, private sector, etc.) undermined potential buy-in to and ownership of the EIF process and the implementation of follow-up activities.

Levels of ownership vary depending on the aid modality and implementing partner. For instance, where Finland's AfT is implemented through multilateral cooperation, ownership by national stakeholders is often low, especially where projects and programmes are initiated largely by multilateral HQ. This is particularly the case where Geneva-based trade and development organisations are concerned.

The evaluation identified numerous examples of government counterparts being involved in the steering committees of AfT-related interventions. These committees commonly involve representatives from the relevant ministry, the Finnish embassy, MFA and the implementing partner. They typically meet quarterly or biannually and are charged with setting the direction of the programme and reviewing annual (and sometimes quarterly) plans and ongoing monitoring reports. However, in some cases, while supportive of improved ownership and alignment, donor involvement adds to the transaction costs facing government, particularly where it is not harmonised and does not necessarily support the building of capacity of nationally owned systems of partner governments and local governments, etc.

## **5.5 Coherence on Aid for Trade across Policies, Projects and Programmes**

In accordance with the Development Policy Programme 2007, coherence is sought at a number of levels in the AfT Action Plan. In line with the coherence section of the AfT Action Plan, it should be noted that here we refer not only to coherence (internal and external) but also to elements typically related to other evaluation criteria (for example compatibility, coordination and complementarity). The Action Plan states that 'Finnish AfT cooperation seeks to form a coherent programme, with the different sub-programmes complementing each other'. The importance of coherence between trade and development policy at MFA and AfT cooperation at the country level is also emphasised. AfT 'should reflect the priorities of Finnish trade and development pol-



icy as well as those of partner countries’ and ‘complement the work of other aid donors and partners’. Again under the coherence section, the Action Plan calls for ‘the creation of thematic cross-cutting expertise within the ministry to enable effective and coherent contributions to the AfT agenda at various levels’ (bilateral, EU, multi-lateral) to strengthen synergies between Finland’s multilateral and bilateral support. In order to achieve coherence, ‘it is important that Finland and the EU as a whole include AfT as an integral part of its trade policy relations, particularly with LDCs, and of its efforts to promote increased South–South trade’.

In this section, the main evaluation questions we seek to answer relate to the following: the extent to which the objectives of the AfT Action Plan are consistent and compliant with Finnish development policies; the extent to which the Action Plan has guided the planning, design and implementation of Finland’s development cooperation; the extent to which AfT thinking has been mainstreamed across Finnish development cooperation; as well as levels of coherence with international principles.

### **5.5.1 Finland’s Policy Coherence on Aid for Trade**

Finland has made significant efforts to ensure policy coherence between its development policy and other policies/strategies, particularly at the level of policy objectives. MFA is working closely with the OECD on policy coherence for development (PCD) and has been actively engaged in advising the OECD work programme through KEO. Within MFA, informal networks and relationship building are typically utilised to coordinate the application of PCD principles. The Foreign Affairs Committee (FAC) is a key forum for discussions on PCD across trade and development policies (but also agriculture, environment, defence, security, etc.) and includes membership from across these areas.

#### **The AfT Action Plan and the Development Policy Programme**

The overall objectives underlying Finnish development cooperation, as stated in the Development Policy Programme 2007, are restated in the AfT Action Plan, for example poverty reduction and sustainable development; focus on LDCs; emphasis on cooperation at the multilateral level (for example UN and EU); emphasis on cross-cutting issues; FVA; importance of complementarities between bilateral and multilateral support; and policy coherence (for example on trade and development policy). Overall trade- and AfT-related objectives in both the Development Policy Programme and the AfT Action Plan are consistent and compliant. For instance, each document highlights the importance of international trade for economic growth and poverty reduction, based on principles of ecological and social sustainability. Both have similar trade-related objectives, including promoting the private sector and entrepreneurship; creating an enabling environment; creating decent jobs; and improving developing countries’ ability to engage in and benefit from trade negotiations and agreements. The Development Policy Programme emphasises the importance of AfT to assist countries in unlocking their trading potential through, for instance, projects and programmes to help in exporting products with increased value added. It also includes

commitments to implement the EU AfT Strategy and promote development aspects of EU trade policy.

### **The AfT Action Plan and the Trade Policy Programme**

Objectives in Finland's Trade Policy Programme and the AfT Action Plan are largely consistent and mutually reinforcing. For instance, both the Trade Policy Programme and the AfT Action Plan emphasise the importance of improving market access for developing countries; recognise the importance of AfT to create a conducive enabling environment for trade in developing countries; and highlight the importance of creating linkages and partnerships between Finnish companies and developing country enterprises to promote investments and export opportunities for developing countries.

#### **Box 4** Finland's trade policy.

Finland's Trade Policy devotes a significant section to trade policy and developing countries. It outlines policy objectives and intent and highlights the importance of coherence between trade policy and development policy, in particular that measures to bring about development in different policies are compatible and mutually reinforcing. It underscores the importance of special and differential treatment as a temporary measure, benefiting especially the poorest developing countries, as countries integrate into the international trading system. It emphasises that development cooperation is a 'development policy tool and mainly directed to other ends than trade policy' which should be used to 'support the creation of preconditions for effective market economies'. The Trade Policy highlights the importance of the EIF in assisting countries to 'evaluate their trade policy needs and thereby define their negotiating objectives and assess their ability to assume trade policy commitments' as well as enhancing developing countries' export prospects to Finland, for instance through business partnership programmes (for example Finnpartnership), which link Finnish and developing country enterprises on the basis that both the private and public sectors should play a role in development policy. It is yet to be examined whether, in practice, implementation of Finland's Trade Policy is coherent with development interventions.

Source: MFA 2005.

### **The AfT Action Plan and the MEE Strategy for the Implementation of Finland's Development Policy Programme**

The main objectives of MEE's strategy are to support developing countries in developing strong labour and industrial policies. The strategy promotes the internationalisation of the Finnish economy and the development of the economy and welfare in both Finland and developing countries. It also highlights the role of MEE: 'supporting the implementation of the AfT Action Plan by, for instance, enhancing the participation of employment and economic administration actors, companies and private sector organisations in development cooperation' including supporting the participa-

tion of the Finnish private sector in development cooperation. The broad objectives are largely consistent and compliant with the AfT Action Plan. Both outline the importance of Finnish enterprises in contributing to economic development in developing countries through, for instance, business partnerships.

Although coherence at the policy and strategy level is apparent, this does not always translate into coherence between the AfT portfolio and relevant policies and strategies. This may be explained partly by policy and strategic documents articulating a high-level vision which is not necessarily being translated into field-level interventions through finer-grained strategic guidance. The next section explores the issue of coherence between the AfT Action Plan and the AfT portfolio.

### **5.5.2 Coherence between the Aid for Trade Action Plan and the Portfolio**

In this section, we assess the extent to which the AfT Action Plan has guided planning, design and implementation of Finland's development cooperation and AfT thinking has been mainstreamed across Finnish development cooperation.

In terms of the coverage of the portfolio versus the priorities outlined in the AfT Action Plan, the portfolio analysis indicates that building productive capacity accounts for a large proportion of the AfT portfolio (in terms of disbursements). This 'bulge' partly reflects the fact that donors can report all of their support to, for example, agriculture as AfT under building productive capacity (regardless of whether it is trade-related – although a trade development marker is in use and reported on by Finland). Areas such as economic infrastructure and regional integration, highlighted as priorities in the Action Plan, receive only limited coverage in terms of disbursements as well as number of projects and programmes (including components and sub-components).

During interviews, MFA officials were asked to what extent the Action Plan itself has led to the initiation of particular AfT projects and programmes. In most cases, interviewees stated that the vast majority of projects and programmes would have taken place anyway, particularly those classified under wider definitions of AfT. Many of the embassy staff, as well as implementing partners, interviewed were not aware that projects and programmes for which they were responsible were classified as AfT. Overall findings from the interviews suggest that much of the AfT portfolio has been labelled as AfT retrospectively.

At the bilateral level, interventions are typically agreed through country-level negotiations with partners, reflecting the needs of the beneficiaries within the parameters of Finland's Development Policy Programme 2007. Where other guidelines are drawn on, these tend to be other sectoral/thematic documents (agriculture, environment, forestry, rural development, etc.) rather than the AfT Action Plan. Regional and country-level planning and implementation of projects and programmes continue to be undertaken predominantly from the perspective of sectors rather than using an AfT

lens. While the AfT Action Plan has encouraged some advisors and embassy-based officials working on sectoral and thematic issues (for example forestry, energy, agriculture) to think through market implications and trade-related issues connected to their interventions, many of the projects and programmes classified as AfT remain related only distantly to trade. For instance, increasing trade by building supply-side capacity is not the main, or even secondary, objective. In the majority of cases, sector-specific interventions are not explored in terms of how these might contribute to, for instance, increased competitiveness and better integration into international markets. Our review of 21 bilateral and regional projects and programmes across the portfolio, focusing on the countries (and regions) visited, found that only 4 were significantly trade-related (7 moderately and 11 not at all). Our findings question the extent to which the AfT portfolio truly reflects the objectives of AfT (as defined by the Action Plan and internationally, for example, the WTO Ministerial Declaration 2005). It also suggests that, while a significant share of Finland's ODA is classified as AfT, the potential impact on trade outcomes may be disproportionately small.

It should be noted that one of the reasons donors classify interventions as AfT that are related only distantly to trade is because reporting on AfT uses the OECD's CRS. Within the CRS, the 'trade development marker' is used to categorise a sub-component of 'building productive capacity', but donors can report the total figure of building productive capacity as AfT. In addition, not all data donors report under 'economic infrastructure' improves economic capacity. This is one reason why many donors (especially Finland) have lobbied the OECD to use only the trade development marker under the AfT category building productive capacity, as well as to include only 'economic infrastructure' under AfT, not all infrastructure. This is a global problem and not one specific to Finland.

While a number of trade and development organisations (for example ITC and the UN Conference on Trade and Development, UNCTAD) receiving support under trade policy and regulations (and trade development) have used the Action Plan to guide the development of project proposals, it should be noted that it has not explicitly shaped programmes within these organisations. Rather, it has helped such organisations determine what type of projects and programmes Finland may support and the types of requests they should make.

The evaluation team found that a deep internalisation of what mainstreaming trade (or AfT) might mean for the design and implementation of, for example, forestry interventions is lacking. In this regard, the AfT Action Plan does not provide sufficient guidance, direction and/or influence to help staff (or consultants designing projects and programmes) to integrate trade-related objectives and outcomes in projects and programmes classified as AfT. Overall, evidence suggest that the Action Plan has had limited direct influence on the design and implementation of specific interventions, especially at the bilateral level. This suggests that the identification and design of AfT interventions (both wide and narrow) would benefit from being more strongly informed by a clearer conceptual framework, providing clarity on how each element of

Finnish AfT contributes to trade-related outcomes, linking AfT interventions and emphasising the contribution made by different sectors and intervention types.

### **5.5.3 Coherence with International Policies and Principles**

#### **OECD–WTO and EU**

Finland has been an active contributor in terms of setting the common principles on AfT at EU level and under the OECD–WTO AfT initiative. With respect to coherence with commitments at the EU level, Finland’s objective of increasing the quantity and quality of AfT to contribute to poverty reduction and environmentally and socially sustainable development is in line with EU AfT Strategy. Many of Finland’s AfT projects and programmes (both bilateral and multilateral) include goals/objectives on poverty reduction, while many have explicit objectives to ensure that they are sustainable (environmentally, socially and financially). Coherence between Finnish AfT and the EU AfT Strategy draws on the active role Finland has played in terms of the development of the EU AfT Strategy, particularly during its EU presidency in 2006. As for the OECD–WTO-led AfT initiative, in addition to contributing to the work programme (Section 5.9), Finland is following many of the lessons learnt and attempting to apply principles established with regard to improving the effectiveness of AfT. However, on actual M&E of Finnish AfT (but also ODA more generally), considerable improvement is required.

#### **MDGs**

The AfT Action Plan states that it is ‘essential that AfT contributes to poverty reduction and sustainable development, and as such towards meeting the UN Millennium Development Goals’. The Action Plan’s checklist specifies that all projects and programmes should identify whether the intervention will contribute to poverty reduction (MDG 1); whether it promotes gender equality, the creation of better jobs (decent work) and other development goals (MDGs 2-6); and whether it is environmentally sustainable (MDG 7). The main trade-related goal (MDG 8: ‘Develop a global partnership for development’) is not included in the checklist since it is an integral part of AfT itself, with AfT directly contributing to its attainment. While contributing to the achievement of the MDGs is often identified as a goal in AfT-related documents, the MDGs are not clearly articulated as part of the conceptual framework or intervention logic in the AfT Action Plan. There is a need to develop a clear conceptual framework to show how AfT interventions can enable the achievement of the MDGs, possibly using examples including best practice. The conceptual framework should be used to strengthen the intervention logic for individual AfT interventions, which would ensure that the achievement of the MDGs is integrated into intervention design and implementation.

## **5.6 Coordination and Complementarity on Aid for Trade**

The AfT Action Plan stresses the importance of coordination at the country level, particularly related to complementarity with other donors in implementing the EU AfT strategy, while synergies between bilateral and multilateral AfT are also highlighted.

### **5.6.1 Interactions between MFA HQ and Embassies**

On coordination on AfT within and between MFA and the country level, a network of AfT focal points has been established. MFA aims to balance objectives across different ministries and promote coherence on trade and development through, for instance, MFA's AfT Team, the Trade and Development Working Group, the Export Forum and networking with other actors (MFA 2010a). Regional meetings have been organised bringing together the AfT focal points (for example South Africa in April 2011). According to interviewees, these have been useful for lesson learning and sharing of best practice, as well as awareness raising on AfT. However, as discussed below, greater inter-linkages could be created, especially between HQ-funded projects and programmes and activities initiated in-country.

### **5.6.2 Interactions between MFA and Recipients**

As discussed, Finland uses bilateral negotiations with its long-term partner countries to discuss trade issues, in the context of both trade relations between the countries and AfT needs of partner countries. Overall, there is good engagement between embassy staff and partner country government staff. Greater focus is often given to trade relations rather than to the wider trade-related needs of the partner countries.

The types and depth of engagement by Finland with aid recipients on AfT depends on a number of factors, including whether the counterpart is a long-term partner country, the different aid modalities employed (embassy-led versus HQ-led, multilateral versus bilateral, etc.), whether AfT is a priority area and the competence of embassy staff and relevant advisors on AfT-related issues. For instance, Vietnam's embassy staff network strongly around private sector issues, have a long track record of working on AfT-related issues and manage a bilateral portfolio with strong AfT elements. Every time Finland holds a high-level policy dialogue with the Vietnamese government, it conducts a separate parallel dialogue with private sector representatives through the Vietnam Business Forum (OECD 2011a, 12).

Finland is a member of a number of sectoral working groups and donor coordination mechanisms in many of the countries in which it has a bilateral presence. In many cases, it has developed the reputation of being an engaged participant in such fora. Where the personal competencies of individuals intersect with Finland's long-term engagement on issues or sectors (for example natural resource management in the forestry sector in Vietnam and PSD in Zambia), Finland has levered considerable influence.



Three AfT seminars have taken place (as well as meetings of focal points within their respective regions, as mentioned above):

- Tanzania–Finland business prospects seminar (6 October 2010);
- Vietnam–Finland AfT forum: Past experiences for future partnerships (17 March 2010);
- AfT seminar (Zambia; 9-10 December 2008).

Each seminar had its own objectives and different emphasis but, broadly speaking, they covered the following main objectives: improve knowledge on the AfT agenda and awareness on options available for Finnish AfT-related initiatives and programming; share lessons learnt and best practice on AfT, including examples from sectors (for example forestry, energy and environment); and facilitate the building of business partnerships and export promotion (especially to Finland). Participation included MFA and embassy staff plus key stakeholders from partner institutions, including international/regional organisations, government, the private sector, civil society and donors. In Tanzania and Vietnam, the main participants were Finnish and national stakeholders; in Zambia, stakeholders from other countries in the region also attended, which provided greater scope for lesson learning and sharing best practice.

The seminars were considered important steps in the implementation of Finland's AfT Action Plan, according to the AfT Team and the Trade and Development Team. According to interviewees, they provided a useful mechanism by which to share information and best practice. They were helpful in facilitating the development of business linkages between Finnish partners in-country and Finland (for example through Finnpartnership). However, some of the participants involved suggested that assistance was needed after the seminar in order to facilitate the creation and development of business linkages. Also, private sector organisations suggested more could be done to follow up on whether business linkages and increased business opportunities had been created and contracts secured as a result of the seminars. In addition, some of the participants expressed the need for further follow-up on how to access funding opportunities under Finnish AfT.

### **5.6.3 Interactions between Stakeholders – Finland and Other Donors**

With respect to coordination and complementarity among donors, according to its response to the OECD–WTO questionnaire, Finland has made considerable improvements in terms of harmonising AfT with other donors. Finland sometimes uses the following approaches in this regard: joint assessments; co-financing; SWAPs; joint implementation; common monitoring; and joint evaluation.

Through interviews in-country, it is evident that Finland is involved in a number of coordinating committees (or similar) related to AfT. For example, it is a member of the PSD Cooperating Partners' Group in Zambia and the Like-minded Donor Group (LMDG) in Vietnam (with 10 other donors). In countries where the AfT portfolio is not explicitly related to narrow AfT or trade-related objectives and outcomes, Fin-

land's involvement focuses on sectoral committees (for example energy) in the first instance, as in Tanzania, rather than trade or PSD committees. All these point towards efforts to coordinate interventions with other donors, whether on more narrowly defined AfT (for example trade, PSD) or more broadly defined AfT (for example energy). These collaborative arrangements have created important opportunities for information exchange and the creation of a shared vision.

#### **5.6.4 Complementarity across Finland's AfT Portfolio**

In many cases, country AfT portfolios are characterised by a number of relatively small projects and programmes categorised as AfT. These are often not well linked by strategic thinking on their overall contribution to trade-related outcomes. In a number of cases, individual interventions do not always form part of an integrated approach to ensure Finnish development cooperation has the biggest possible impact in terms of enabling partner countries to benefit from international trade. In other words, Finland is not capitalising on the potential of its AfT portfolio. This suggests there is significant scope to build synergies across Finland's AfT portfolio, supported by the new AfT Action Plan.

This is particularly the case for Finland's bilateral and multilateral AfT support. Links between bilateral and multilateral support, especially through trade and development organisations, appear quite limited in a number of cases. This is partly because of the geographical location of some of these organisations and the fact that the target 'audiences' for many of them (the International Centre for Trade and Sustainable Development; ICTSD, ECDPM etc.) are in Geneva, Brussels, etc., although this is not the case for all organisations (UNCTAD, UNIDO, etc.). Many of the multilaterals do not have permanent offices in-country (for example UNCTAD, despite being part of the 'one UN system') and often execute programmes from HQ and through intermediaries. Also, funding, management and administrative arrangements between Finland and such organisations is often through MFA HQ; while HQ manages these arrangements well on the whole, the linkages between these organisations (as well as the projects and programmes funded) and assistance in-country are not always made. This is partly because of resource constraints in HQ and reliance on the funded organisation to make these linkages. Nevertheless, further awareness-raising activities by HQ with embassies in-country of interventions funded through multilateral/international organisations would assist in developing these linkages and potential synergies. It should be noted that these findings are similar to those for other bilateral donors and also are not limited to AfT-related interventions.

### **5.7 Efficiency**

As a relatively small donor, Finland needs to be strategic when planning and participating in AfT, choosing carefully and targeting areas of intervention in order to maximise the impact on ground. Specialisation in aid delivery (focusing on fewer areas), scaled-up investments or joint funding arrangements have the potential to deliver aid



more efficiently and effectively than a group of small interventions. There are significant fixed costs, particularly in terms of human resource commitments, in setting up and managing funding arrangements, which suggests that overall efficiency may be improved with fewer interventions, particularly given MFA's own staffing resource constraints.

Finland has a number of joint funding arrangements with other donors which provide it with the opportunity to maximise the footprint of its development cooperation while reducing transaction costs, particularly for recipients. Currently, one-third of bilateral and regional AfT programmes are funded through joint arrangements, and attempts have been made to increase the flow of funds through joint or pooled funding (for example the EIF, the PSDRP in Zambia, the TFF in Vietnam, the MPDF).

While Finland focuses resources on a select number of countries and themes, there is some evidence of fragmentation, and the portfolio analysis indicates that Finland's AfT portfolio may be 'spread too thinly'. The AfT portfolio contains more than 70 bilateral and 20 multilateral and programmes (bilateral, regional, multilateral and joint), with budgets ranging from €160,000 to €7.2 million per year. Approximately one-fifth of the bilateral and multi-bi projects and programmes listed in the AfT portfolio (excluding the individual NGO, Finnpartnership and LCF projects) have a budget of less than €1 million and an average duration of 2.5 years (note that a number of the smaller interventions are membership fees). Projects and programmes could be rationalised in number, with resources increased for larger-scale, better quality projects and programmes. Inter-linkages and synergies between smaller-scale projects should also be explored with respect to contributing to higher-level overall outcomes and objectives.

Under multilateral cooperation, the Action Plan action points include the need to consider 'the possibility of concentrating funding into larger packages', which implies fewer larger projects/programmes. At present, the AfT portfolio includes contributions to 20 multilateral trade and development organisations under the trade policy and regulations category. The average annual contribution is around €1 million, with an average funding commitment of just under two years. Finland's preferred option of soft or no earmarking to these organisations reduces transaction costs for implementing agencies. Efforts have been made to increase funding to particular organisations, but the number of organisations, programmes and projects receiving support is increasing.

Another action point includes the need for 'smaller contributions on a yearly basis in light of the overall AfT context'. To some extent, this may appear to conflict with the previously mentioned action point, although it is also understood that a range of approaches is required and that the two points are not necessarily mutually exclusive. For instance, small contributions may be justified for a variety of reasons (for example where ensuring wide coverage is an overriding priority; where visibility across a range of areas is sought; where funding is made to demonstrate Finland's commit-

ment to a particular agenda/organisation, etc.). Also, larger investments may be inappropriate where recipients have limited absorptive capacity. The appropriate scale and type of intervention should reflect the particular context.

Funding commitments for bilateral programmes are usually made on a multiannual basis, which allows for improved planning through better predictability. Many commitments to trade and development organisations are on an annual basis, although KPO is making efforts to increase predictability of funding through more multiyear commitments. Predictability of support would be improved through greater multiannual support, enhancing the ability of implementing partners to plan on a longer time horizon.

High transaction costs associated with some project and programmes can hinder efficiency of support, for instance where implementing partners and recipients have to report on multiple M&E frameworks to different donors. Finland has supported a number of efforts to develop joint AfT-related M&E frameworks – for example at organisational and country levels. This reduces the transaction costs for recipients or implementing partners dealing with a number of donors and, by avoiding imposing donors' own individual M&E frameworks, allows them to take a more programmatic approach to interventions and hopefully raise efficiency. However, such approaches do reduce the traceability of results for individual contributions and the ability to ensure expected results are in line with Finland's objectives on AfT. Nevertheless, there are examples of MFA engaging with such organisations when they develop their overarching M&E frameworks, which has allowed MFA to influence performance measurement.

## **5.8 Organisational and Management Aspects**

### **5.8.1 Results-based Management**

The recent evaluation on results-based management (RBM) (Poate, Bartholomew, Rothmann & Palomäki 2011), covering all of Finland's ODA, highlights weaknesses in MFA's organisational arrangements and management systems. Many of the findings articulated are relevant to the management of Finland's AfT and are corroborated by this evaluation. The review of internal MFA documents and interviews with key MFA staff indicate that organisational arrangements and management systems require significant strengthening. For instance, the lack of an official RBM policy and a clear strategic framework for development cooperation means that performance analysis is largely at the level of individual projects and programmes. Also, where performance frameworks exist for AfT projects and programmes, the focus of reporting is often on activity- and financial-level indicators, with fewer indicators reported on at the output, outcome and impact levels. Moreover, there is no mechanism by which to aggregate monitoring results to assess performance by country, region or theme. All this has substantially undermined attempts to report on the AfT Action Plan (which cuts across different elements in a number of themes and sectors), which has few

quantifiable indicators (apart from financial targets). The AfT Action Plan matrix reported on largely at the activity level.

KPO emphasises the need for RBM in those organisations it supports, and a number of multilateral/international partners either have, or are in the process of developing, RBM systems. For instance, ICTSD developed a relatively comprehensive performance framework more than five years ago (partly as a result of pressure from the United Kingdom's (UK's) Department for International Development (DFID)) and has encouraged donors to align with one overarching framework. More recently, ITC and the EIF have developed more comprehensive and systematic performance frameworks, although the EIF is experiencing delays putting these into practice. UNCTAD's RBM remains in need of considerable improvement, according to this evaluation as well as the views of KPO.

### **5.8.2 Human Resources**

Many of the challenges facing MFA result from a lack of human resources: the capacity of officials is high but the numbers are relatively low. A number of key staff (including focal points) provide guidance and monitor follow-up on AfT, but overreliance on these is a concern (what happens to institutional knowledge when they leave?) It is thus important to institutionalise AfT thinking to ensure sustainability, perhaps through improved monitoring and reporting and the development of a new AfT Action Plan sharing lessons learnt and best practice. As discussed, rationalising the number of projects/programmes would also reduce the burden on advisors and potentially improve the quality of AfT interventions.

### **5.8.3 Project Cycle Management**

MFA guidelines for project cycle management are being revised, a process which began in 2009 and is due for implementation in 2012, and new guidelines are anticipated to result in improved design and implementation of interventions, including M&E, if applied consistently. Many AfT interventions are already supported by steering committees, which typically review performance and plan activities for the coming time period. Embassies have a strong role in the continuous management of projects and programmes in their portfolio and in monitoring reports, reviews, etc. However, the reporting and planning process is variable across countries and between projects and programmes. Of steering committee reports reviewed (for example the Cooperation Framework on Innovation Systems between Finland and South Africa (COFISA) and the South Africa–Finland Knowledge Partnership on ICT (SAFIPA), a number demonstrate relatively efficient project/programme management; however, in some cases, there are problems with timely submission of progress reports from those managing the projects/programmes (for example the PSDRP in Zambia), which impedes efforts to review performance (both internally and externally) and the ability to utilise feedback to improve performance.

## 5.9 Effectiveness

### 5.9.1 AfT Action Plan and the Portfolio

In this section, we discuss effectiveness, focusing on the extent to which results achieved through the AfT Action Plan (and the Finnish AfT portfolio) have furthered the attainment of their objectives and outcomes, or whether they will do so in the future.

#### Outputs, Activities and Inputs

We first explore the extent to which the Finnish AfT Action Plan has been transformed into concrete actions. This is not a conventional action plan, in that it does not contain a prioritised costed list of time-bound action points. The evaluation team reviewed the plan, extracting all its aspirations and action points and assessing the extent to which progress has been made in implementation (a separate exercise to MFA's own monitoring report). We found that a high proportion of the aspirations and action points were internal in nature, oriented towards enabling stronger foundations for delivering effective AfT and communicating the ideas behind the AfT agenda to colleagues within MFA (Helsinki office) and in the embassy network, as well as to the Finnish private sector and to country-level stakeholders. This set of activities has, by and large, been delivered on (Annex 6).

The Action Plan includes aims to expand the AfT portfolio (funding, areas, activities, etc.), and has established some quantitative targets. Considerable progress here reflects increased support to the AfT agenda in terms of resources (inputs) and activities, partly attributable to the commitment of key individuals within MFA and in key long-term partner countries. Linked to its support to the EU AfT Strategy, Finland committed to increasing TRA to 2% of ODA (or at least €16 million per year by 2010) and the share of broadly defined AfT in stages with the growth of ODA (MFA 2008, 5). It achieved the TRA 2% goal in 2006, ahead of target, and each year (except 2007) increased TRA commitments by over €15 million – increasing from €33 million in 2006 to €91 million in 2009 (EC 2011). In terms of multilateral assistance to trade and development-related agencies classified as trade policy and regulations, average annual commitments are over €8 million. However, this figure increases above €10 million when support to multilateral agencies supporting trade development is included.

#### Objectives, Purpose and Outcomes

The remainder of this section explores issues around whether the AfT Action Plan and AfT interventions have achieved their intended objectives, purpose and outcomes, or whether we believe they will do so in the future. In this regard, we first look at the AfT Action Plan and then Finnish AfT interventions. In this context, we are referring to the medium-term results that they aim to achieve.

The **AfT Action Plan** aims to contribute towards implementation of the EU AfT strategy. As articulated in Figure 2, a number of objectives and overall outcomes and

intended impacts underlie the Action Plan, which the evaluation team identified by ‘unpacking’ its text. These include the following objectives: enhancing developing country capacity to participate in trade; improving market access for exports; promoting trade and investment links; improving the enabling environment; strengthening the capacity of economic actors; and improving economic infrastructure. The overall outcomes include increased trade opportunities and strengthened productive capacity. The overall impact is to increase trade and economic growth and reduce poverty, particularly in LDCs, by increasing AfT and enhancing its effectiveness in the context of environmentally and socially sustainable development.

Reviewing the **AfT portfolio**, we note there are a number of factors limiting the potential for increased effectiveness in terms of delivery of results (outputs, outcomes, etc.): inadequate channelling of funding through aid modalities that maximise administrative efficiency without compromising the quality of aid (Section 5.7); insufficient identification of, and response to, trade-related needs owing to inadequate analysis of the specific country/regional trade context (Section 5.3); insufficient linkages between Finland’s bilateral and multilateral programmes and projects (Section 5.5); untapped potential to improve the coherence of interventions managed from Helsinki and those managed from embassies (Section 5.4); relatively low levels of joint programming (with other donors); and insufficient understanding of (and support to) PSD and regular monitoring of Finnish AfT.

Here, we purposively selected three major flagship programmes from the Finnish AfT portfolio for review: the EEP (both the EEP Southern and East Africa and the EEP Mekong programmes); the Innovation Partnership Programme (IPP, Vietnam); and the PSDRP II in Zambia. These were selected owing to their cross-cutting nature in relation to AfT themes and sectors (energy and environment; innovation and ICT, PSD); the geographical focus (covering four of Finland’s eight long-term partner countries); and their large size and longer-term focus.

Constraints influencing the achievement or non-achievement of the objectives stem either from within the project or programme (for example from flaws in the design or intervention logic) or from factors outside the project’s control. An example of a case where external factors have influenced project and programme design is the (largely very successful) MPDF: external constraints were poorly identified and planned for because initial context analysis (within the control of the project) was inadequate. As a result, delivery of a number of MPDF III interventions has been slower than anticipated, meaning they are unlikely to fully achieve their goals within the original timeframe.

Programme management structures are an example of the kinds of factors internal to project or programme control that can influence effectiveness. For example, the EEP Mekong programme has a top-heavy management and administrative structure, which absorbed a disproportional amount of resources during the early phase of implementation in comparison with the value of resources to be disbursed through project investments during its first phase. In terms of achieving the overall purpose

of the programme (a ‘broad range of renewable energy and energy efficiency solutions adopted in energy-related policies and strategies and implemented by public and private actors’), these heavy management and administrative structures are not ideal.

Our review found that indicators used in the logical frameworks of many of the projects and programmes were not SMART, and progress was often reported on primarily at the activity and output level. This makes tracking of progress towards achieving the objectives, outcomes and purpose challenging. In addition, the evaluation team found that availability of monitoring reports was very limited, restricting the systematic and comparative analysis of progress across the portfolio.

We also found that, where links are made between the intervention and poverty reduction (for example in the IPP programme document), this is mostly very loose, with, in the IPP’s case, the conceptual linkage between innovation systems, economic growth and poverty reduction not articulated. More specifically, the IPP does not discuss inclusive growth, although it notes that there is a risk that poor people will be excluded as they do not benefit directly from the programme. Direct beneficiaries are mostly educated degree holders, many of whom have some international experience and English language skills. However, the IPP does aim to test how rural innovations could be promoted and trialled by using techniques such as the ‘living lab’ approach and the ‘base of the pyramid’ approach; it is possible that such experiments could generate pro-poor and inclusive outcomes.

Interestingly, the EEP Southern and East Africa and Mekong programme documents have a different approach to poverty and inclusive growth, although both include a standard (and identical) statement on poverty. There is a difference in the depth of analysis in the two programme documents: the African EEP discusses issues rather shallowly, without making the linkage to inclusive growth, whereas the Mekong EEP states that ‘enhancing access to energy in rural areas, particularly favouring the poor and women’ is one of its objectives. Both suggest that increased access to energy will lead to a reduction of poverty without clearly articulating the transmission mechanisms through which this will take place.

The Southern and East Africa EEP is also weaker at making the linkage between the energy sector and wider markets and growth. It presents the objective of increasing access to sustainable energy sources without further discussion on who will benefit and by what means. The Mekong EEP, on the other hand, ‘will address a range of issues and barriers which hinder the achievement of socioeconomic development of the Mekong region by focusing on the efficient use of traditional energy sources and promoting clean and renewable energy technologies as well as innovative business models for the provision of energy services’. However, now that the EEP Mekong is in its implementation phase, it seems likely that investments will be focused on supporting very low wattage domestic power supply, which is unlikely to directly enable agro-processing or industry, thus limiting income and employment benefits.



The PSDRP II is Finland's major AfT intervention in Zambia, and was selected for detailed review because of its large size, its long duration and its focus. The programme document and M&E framework seem to be well thought through, with a fairly robust results chain and SMART indicators. However, evidence from our country study suggests a number of challenges in the programme's implementation, including a low level of ownership among intended beneficiaries (the Zambian private sector). Also, many of the intended beneficiaries and implementing partners are not fully aware of the programme's M&E framework, including its reporting requirements and intended outcomes. This not only has implications for credible reporting but also undermines use of the framework as a planning and management tool.

Finally, Finland is also funding the EIF National Implementation Unit in Zambia. The production of bankable projects for submission to the Secretariat has been slow, and staff changes, as well as the fact that the Zambian DTIS is now out of date, have resulted in limited progress being made towards the objectives of the programme. The EIF is fully embedded in the PSDRP programme of the Zambian government, but management of the programme is suboptimal at present.

### **5.9.2 Influencing International AfT Partners**

According to MFA, Finland has influenced the development of the international AfT agenda 'through its active participation in the work of the EU, OECD, WTO and the UN' (MFA 2010a). The evaluation team found that MFA staff have provided intellectual inputs into many discussions on AfT, for instance at the OECD and WTO, particularly on quantitative monitoring. Since 2006, MFA (KEO and KPO) has had a key role in AfT at the levels of the EU, OECD, WTO and UN. During its EU presidency in 2006, Finland provided significant leadership and inputs into the development of the joint EU AfT Strategy.

KPO and KEO participate actively in OECD–WTO AfT meetings (including joint OECD DAC and Trade Committee Working Party meetings) and have provided significant inputs into the conceptualisation of the OECD–WTO AfT agenda, including the global review mechanism and the results agenda. Finland has also provided lessons learnt (both good and bad) in order to advance the global AfT agenda. At the same time, its active participation has not been conditional on funding. During consultations at MFA and with the OECD, it was suggested that, even if MFA had not contributed financially to the OECD work programme on AfT, intellectual inputs would have remained the same. During 2007, Finland was the main driver in improving OECD's statistical reporting on AfT, working closely with OECD experts and pushing for the abandonment of the WTO–OECD Trade Capacity Building Database (TCBDB) in favour of having only one statistical reporting mechanism under the OECD CRS. This was a very useful move – although not without its problems (for example, as we have seen, applying a trade development marker to data under the building productive capacity category of the OECD CRS has proved elusive in the reporting practices of some donors): reducing reporting requirements and increasing the coverage of AfT beyond more narrowly defined categories. According to MFA,

Finland was one of the strongest defenders of a transparent and simple mechanism. While this evaluation did not undertake a comprehensive assessment of all donors involved in the OECD–WTO AfT initiative, evidence gathered from discussions with both the OECD and WTO, as well as with some of the active donors in this area, reinforced these conclusions regarding Finland’s influence.

## **5.10 Impact**

In this section, we seek to assess whether Finnish AfT has any discernible features that suggest the direction of its longer-term impact, positive or negative, intentional or unintentional. This section also seeks to assess the degree to which Finnish AfT, alone or jointly in coordination with other development actors, creates possibilities for inclusive growth and supports poverty reduction (the latter, if included in projects and programmes, is typically reported on at the impact level).

### **5.10.1 Contribution of Finnish AfT to Inclusive Growth and Poverty Reduction**

Finland’s AfT Action Plan highlights the importance of Finnish AfT in enabling economic growth in partner countries. Its Development Policy Programme emphasises the role of (rapid) economic growth as a key element underpinning the development process and its importance for poverty reduction. It also identifies one of the goals of Finland’s engagement with partner countries as to ‘promote pro-poor economic growth’. Finland also has the stated objective of increasing the quantity and quality of AfT, in order to contribute to poverty reduction and environmentally and socially sustainable development.

In terms of the big picture, Finland’s long-term partner countries are not selected on the basis of poverty incidence, poverty severity or (given these as starting points) the partner government’s clarity of purpose around poverty reduction objectives, but rather long-term historical relationships. At the regional and country level, identification of focal sectors within regional development plans and country participation plans does not start from the perspective of a critical assessment of the binding constraints to poverty reduction in partner countries, but rather from an attempt to match Finnish comparative advantage with current gaps in provision. There is certainly a logic behind this, and it also supports the harmonisation and alignment agenda while drawing on Finnish expertise, but there is a risk that assistance – while useful and valued in terms of supporting the achievement of broad development goals – will not necessarily deliver the greatest possible marginal benefit in terms of poverty reduction. Annex 9 presents the development and trade indicators for Finland’s long-term partner countries (and selected comparators).



### 5.10.2 Assessing Impact at the Level of Interventions

Finnish support helps to alter ‘the rules of the game’ for regional and international trade through engagement with international AfT processes and support to progressive policy processes. This can have widespread poverty-reducing and growth-enhancing effects. For instance, Finland supports the MRC and, in doing so, seeks to provide the regulatory framework necessary to limit resource-based conflicts in the region (centring on inter-country disagreements on water abstraction and hydroelectric schemes between upstream and downstream nations), enhance disaster preparedness and support climate change mitigation. This has widespread benefits for all socioeconomic groups, but the absence of regulation and policy work tends to be felt disproportionately by poor and marginalised groups, owing to location, inability to relocate and limited resilience in the face of climatic, conflict and livelihood shocks. Protecting livelihoods and providing energy are also important in enabling poor people to engage in local markets and potentially in trade.

In order to assess impact systematically, our review of 21 bilateral project and programme documents (design documents and – where available – monitoring documents) sought to examine,

- The proportion of the portfolio that did (or did not) clearly articulate an intended impact (through a comprehensive overview of poverty impacts articulated in results frameworks, for example);
- Where intended impacts were clearly articulated, what these were;
- Whether projects/programmes had M&E systems that sought to capture progress towards intended outcomes/impacts (in dimensions of poverty, etc.);
- What the evidence showed in terms of progress towards intended impacts.

Before we present our results, it is worth briefly outlining the challenges to assessing the impact of the AfT portfolio:

- **Absence of a results chain for Finnish AfT:** The results chain by which interventions within the AfT portfolio will achieve impact is not clearly articulated in the AfT Action Plan. Key MFA project and programme documents typically articulate high-level goals (enabling poverty reduction and pro-poor growth, achieving progress on cross-cutting issues, contribution towards achievement of the MDGs, etc.) but the causal chain by which inputs contribute to the achievement of impacts is not always clearly expressed, defined and/or measured. As discussed, M&E frameworks frequently focus on input, activity and output indicators rather than outcome and impact indicators. These challenges are discussed at length in the RBM evaluation (Poate *et al.* 2011).
- **Unavailability of impact-level data:** Monitoring data at the level of projects and programmes are often inadequate, and often report only on inputs, activities and outputs rather than outcomes or impact, making intervention-level assessments of impact difficult. Furthermore, project and programme monitoring data are seldom analysed and aggregated for the production of sector- or AfT-wide information

and knowledge. In the absence of a clear results chain and monitoring information, it is difficult to provide a systematic review of the Finland's AfT portfolio impact.

- **Evaluation period:** Many interventions commenced recently and their funding extends beyond the time period of this evaluation (2006-2010). Hence, impacts may not have materialised. Nevertheless, if M&E data were more widely available we could assess progress towards intended impact.

Not all of the projects/programme documents in the sample of 21 bilateral and regional projects and programmes reviewed had logical frameworks, and for 9 of them key design documents did not discuss intended impacts or did so only in a very limited way. Within the remaining 12 programmes and projects where impact was considered, it was not always explicitly identified as such and was often found subsumed by or merged with other terminology. Some of these projects and programmes did not have indicators to correspond with the stated impact. Combined with the limited availability of key documentation, this constrained our assessment of progress towards impact. In addition, where evaluations have taken place, they do not always explicitly evaluate progress towards impact but focus instead on reporting on activities. Annex 12 for more information on impact.

## 5.11 Sustainability

Sustainability can be described as the degree to which the benefits produced by the intervention continue after external support has come to an end. It concerns whether the benefits produced by the intervention will be maintained after the termination of external support.

Finland's approach to development cooperation, by which it works over an extended period with a limited number of long-term partner countries on a limited number of sectors (energy, agriculture and forestry) and themes (ICT, PSD and the environment), is likely to be supportive of sustainability. By developing long-term relationships with partner countries, context is likely to be well understood, and working on a limited number of themes and sectors encourages the development of substantive knowledge among the advisory cadre. Finland's approach in designing and delivering its AfT portfolio will then determine the extent to which this solid foundation is delivered on.

The remainder of this section reviews the AfT portfolio, with comments structured around three dimensions of sustainability: financial, institutional and environmental.

### 5.11.1 Financial Sustainability

In terms of financial sustainability, the issues projects or programmes face will depend on the funding modality, particularly whether this is solely through Finland's bi-

lateral programme or through a joint trust fund, a pooled funding arrangement or the activities of multilateral organisations.

### **The Bilateral Programme**

Large programmatic support to government (for example Zambia's PSDRP II and FSDP II) can be vulnerable where government fails to disburse counterpart funding (commonly 10 to 15% of the budget total) in a timely manner. This can generate bottlenecks and undermine programme performance. Also, where donor disbursements do not match commitments (for example Zambia's FSDP II, where 73% of the total programme budget was to come from donors but only Finland has committed funds), financial sustainability is put at significant risk.

In addition, some of Finland's bilateral programme centres on the provision of Finnish technology (such as through concessional credits, Finnfund and Finnpartnership). Although this is a route by which FVA can be delivered within development cooperation, there are instances where insufficient attention has been given to whether the technology is appropriate, given the operating context (partner capacity, costs of operation and maintenance, etc.), with implications for sustainability (for example the Dar es Salaam electricity project in Tanzania and some elements of Development of Management Information System for the Forest Sector, FORMIS, in Vietnam).

Many AfT activities funded through the bilateral programme are relatively small and short term. This has implications for both financial and institutional sustainability. Meanwhile, a high proportion of Finnish bilateral AfT focuses on building capacity and relies heavily on TA. The financial sustainability of such interventions depends heavily on whether the intervention delivers its anticipated activities within the original project timeframe and whether these in turn deliver the anticipated outcomes, particularly in terms of improved capacity of staff who are in a position to continue the activities.

Financial sustainability of short-term projects also depends on the project being fully complete (with no need for follow-up) or fully adopted by government (or another actor). The ability of the government (or another local actor) to adopt the project will depend on 'space' in the national budget and also on project design. Where the project depends heavily on internal TA, it is likely that government will struggle to justify the budgetary allocation to such inputs. Similarly, where the project depends heavily on imported technology (for instance from Finland), government may wish to identify a local or regional supplier, potentially moving the project away from its original vision.

The sustainability of some of Finland's innovative AfT interventions (such as the IPP, the EEP, InfoDEV) should be considered at two levels: (i) sustainability (of the IPP and the EEP) as projectised interventions; and (ii) sustainability of the individual interventions supported during the lifetime of the Finnish-supported programme. Reliance on international TA and forms of management and administrative arrangements

developed to deliver accountability to an external donor may reduce the likelihood that projects will be absorbed into government departments or adopted by domestic private sector or civil society organisations in their current form, although lessons may be learned and adopted, feeding into better practice. The sustainability of individual interventions funded and supported by innovation programmes and base of the pyramid approaches will be greatest where external support enables enterprises (or consortia, etc.) to become ‘market ready’, whereby they can approach the private sector (including equity investors) for ongoing financing. In such cases, Finland is likely to see greatest sustainability where they ‘accompany’ enterprises to the point of market readiness. This may mean funding an enterprise through more than one funding cycle – pre-feasibility, feasibility and piloting through to the development of fundable innovations which can then be adapted and scaled up through private sector funding – with elements perhaps provided with additional funding for replicable demonstration projects. We found limited evidence of a long-term ‘accompanying’ philosophy in the AfT portfolio. Broadly, we found that mechanisms to ensure financial sustainability of Finnish bilateral AfT were inadequately incorporated in projects and programmes, with implications for long-term impact.

### **Joint/Pooled Funding**

Activities funded through joint or pooled funding arrangements are vulnerable to Finnish withdrawal where alternative donors cannot easily be found. In these cases, areas of activity may have to cease if Finland terminates funding. The extent to which programme managers successfully navigate the withdrawal of funding will depend partly on the degree to which activities are short term and time-bound and have delivered their anticipated results by the time of the termination of Finnish funding, or are longer term in nature (and therefore unfinished at the time of Finnish withdrawal). Success in identifying alternative sources of funds will also depend on programme design (for example, has handover to government, the private sector or civil society been built into programme design and have institutional structures and capacity been built to enable this?) and the degree to which programme management is able to successfully market the programme to alternative funders. It should be noted that, while these issues are applicable to the AfT portfolio they are also relevant for Finnish ODA in its entirety.

### **Funding of Multilateral Organisations**

Some of Finland’s AfT is provided to multilaterals as annual rather than multiannual commitments. The financial sustainability of multilateral organisations may not be significantly influenced by Finland’s funding decisions, since most multilaterals have varied funding sources (e.g. ICTSD, ECPDM, ITC and the World Bank’s Multi-donor Trust Fund for Trade and Development (MDTF-TD)). Nevertheless, Finland’s agreement to fund certain activities can be significant in that these can also lever commitments from other bilaterals. Also, where Finland provides funding for particular workstreams (such as the MRC, IFC’s MPDF and UNCTAD), decisions to curtail funding could have significant implications. Evidence from the portfolio review and interviews suggests that financial sustainability is carefully considered by the majority

of multilateral agencies, and they navigate these issues effectively, largely maintaining momentum on priority workstreams despite funding fluctuations.

### **5.11.2 Institutional Sustainability**

#### **The Bilateral Programme**

Some elements of Finland's AfT portfolio seek to support institutional capacity directly. For example, support to the Zambia Association of Manufacturers (ZAM) in developing and rolling out a survey involved local staff in all stages of survey design, meaning local staff will be able to replicate data collection and analysis in future. Other short-term interventions seek to support policy change processes (for example developing the policy, legislative and regulatory framework for uranium milling and mining in Namibia, Sustainable Forest Management for Sustainable Development, SUFORD, in Lao PDR). Where the drafting of new policy is complete and the changes are implemented and embedded into practice within the project funding period, the chances of a sustainable impact are high.

However, many of the challenges outlined above also apply here. Short-term interventions with a substantial component of TA seeking to support changes in policy and practice may not fully achieve their goals within a two- to three-year window. Even so, many of Finland's interventions in this area are relatively short – so all project activities need to be complete during the funding period or are handed over to government or another actor for completion. Where policy change is the goal, this may mean that policy never reaches the statute books or gets implemented. Where changes in practice are the goal – that is, where policy already exists but change in practice or institutional behaviour is desired – strong capacity and institutional building are required, all of which are medium- to long-term exercises. We found that capacity and institutional strengthening was a strong feature of some projects (for example in Strengthening National Geographic Services in Lao PDR) but less obvious of some others (for example FORMIS in Vietnam). The capabilities of government staff and government's willingness to 'adopt' the intervention and fund it long term are crucial to sustainability and are not always sufficiently addressed in the identification of risks and assumptions in project design.

An additional challenge lies in the current information management system, which is in the process of reform. In the past, there have been failures to fully retain all relevant project and programme documentation held by implementing partners or embassies. In many cases, these documents have not been passed on systematically to the embassy staff responsible for coordination/backstopping or to Helsinki for logging in the MFA archive.

A cross-portfolio challenge is the degree to which Finnish AfT creates a sustainable impact beyond an intervention's funding period through the uptake of lessons. Lessons might be adopted internally (within the post-funding incarnation of the intervention) or externally (elsewhere within Finland's funding to that sector, elsewhere

within Finland's AfT portfolio or by other stakeholders, particularly government). It is through such uptake that the bilateral AfT portfolio might be expected to have its greatest long-term and sustainable impact (that is, extending beyond the project's time period, scale and scope) and affect the lives of beneficiaries and the economies of partner countries. We found some high points of good practice here but that Finland had only *ad hoc* approaches to the identification, recording and communication of lessons, both internally and to external stakeholders.

### **Joint/Pooled Funding**

Finland's AfT support to joint/pooled funding arrangements faces challenges around institutional sustainability that are common within the sector. Pooled funding arrangements (for example for Vietnam's TFF, the MRC and IFC's MPDF) have all been associated with the development of strongly projectised management arrangements. This is required by government in some cases, and may be practical for some interventions (such as regional projects and programmes), but they all then face a challenge in terms of identifying alternative long-term institutional arrangements. For the MRC, core functions have been identified and prioritised and will be absorbed by Mekong partner governments over the coming 20 years. For the TFF, a five-year transition process has begun, through which the functions of the Forest Sector Support Programme and Partnership (FSSP) and the TFF will be absorbed into the Vietnamese government. For the MPDF, a wholesale restructuring of IFC has seen the management integrated more strongly into IFC business and moved to Hong Kong. In each case there are challenges (for MRC, it is unlikely that the full portfolio of activities will be retained; for the TFF/FSSP, government capacity in networking and communication with the private sector and negotiation and problem solving in the forestry sector is uncertain; for the MPDF, decision making has slowed and is no longer as locally embedded). These illustrate the challenges experienced more broadly across the portfolio.

### **Funding of Multilateral Organisations**

The short-term nature of Finnish funding to multilaterals can impede strategic planning. Diversification of funding (across many organisations) reduces the risks of Finland investing in activities that do not deliver, but this is balanced by the risks imposed by thin levels of engagement between MFA officials and their multilateral counterparts.

## **5.11.3 Environmental Sustainability**

### **The Bilateral Programme**

Looking across Finland's AfT portfolio, we see that a high proportion of interventions seek to directly benefit the environment (forestry 21.3% in funding terms in 2006-2009, sustainable energy 12.6%). Programme design reflects the weight given to environmental sustainability and climate change in Finland's Development Policy Programme 2007 and the AfT Action Plan. However, not all aspects of the bilateral programme have a beneficial environmental impact, and the poor environmental per-



formance of interventions funded by some of the concessional credit activities is of concern.

Climate change-related projects reviewed for this evaluation include elements of AfT (Annex 13). This issue is important, given the high priority given to climate change adaptation in Finland's development cooperation and the limited financial resources available for adaptation efforts. As pointed out in a recent study by ICTSD (Ancharaz & Sultan 2010), AfT and climate change financing may be addressing similar objectives. If used in a coordinated manner, they could help build the economic resilience and supply-side capacity needed to adapt and mitigate climate change and link to the world economy. It appears there is scope for strengthening the linkages between climate change and AfT as well as opportunities to further explore how climate change efforts and AfT financing could be used in a mutually enforcing manner. Climate change and AfT linkages are particularly clear in projects related to sustainable energy and forestry, where climate change-related objectives are often obvious and clearly articulated. (But it should be noted that one of Finland's largest AfT energy programmes, Improving the Electric Power Supply Reliability in the City of Dar es Salaam, does not include any elements related to climate change.)

In the area of agriculture and rural development are untapped synergies between climate change adaptation and AfT. Climate change-related projects in agriculture and rural development often have trade-related impacts, and vice versa. Climate change adaptation measures include activities such as change in crop mix, change in the mix of livestock, management of crops, irrigation and improved land and natural resource management. Sometimes, climate-proofing agriculture may require diversification into climate change-resistant crops and shifting away from agriculture into other activities, for example light manufacturing and services. This has strong linkages to AfT, as it may require trade policy assistance in identifying new markets as well as building productive capacity in agriculture and industry. The key is to recognise the trade implications of National Adaptation Plan of Action (NAPA) projects and the climate change implications of AfT projects (Ancharaz & Sultan 2010).

### **Joint/Pooled Funding**

Many of the interventions funded by Finland through joint or pooled funding arrangements have a direct beneficial impact on the environment. However, some of Finland's support to the private sector (for example Finnfund's support to the Mekong Enterprise Fund) is not always as careful about preventing environmental harm or indeed investing in environmental benefits as the bilateral portfolio tends to be.

### **Funding of Multilateral Organisations**

Finland's negotiations with its multilateral partners tend to include close questioning about their ability to integrate Finland's cross-cutting theme and environmental concerns. The degree to which Finland is effective in influencing these partners depends to a degree on their dependence on Finnish resources, the persuasiveness of the Finnish representative and the degree to which such discussions 'go with the grain' of environmental policy and practice within the partner organisation.

## 6 CROSS-CUTTING ISSUES

The inclusion of cross-cutting issues (gender, excluded groups, equality, HIV and AIDS) is given substantial prominence in MFA policy and strategy documents (MFA 2007b), articulated as (MFA 2008):

- Promotion of the rights and status of women and girls and of gender and social equality;
- Promotion of the rights of groups that are easily excluded, particularly children, people with disabilities, indigenous people and ethnic minorities, and of equal opportunities for participation; and
- Combating HIV and AIDS as a health problem and as a social problem.

### 6.1 Integration of Cross-cutting Issues into Finland's AfT Action Plan

The inclusion of cross-cutting issues as a 'theme' in Finland's AfT Action Plan (alongside the private sector, information society and the environment) gives them particular weight and means they are supposed to inform the design of AfT-related development cooperation.

The Action Plan identifies the following as cross-cutting themes with particular relevance for AfT cooperation:

- The rights and status of women and girls and gender and social equality;
- The rights of groups that are easily excluded, particularly children, persons with disabilities, indigenous peoples and ethnic minorities;
- Equal opportunities for participation; and
- Decent work.

MFA considers civil society to be particularly well placed to advance cross-cutting themes (MFA 2008, 12) and recognises the need to build capacity within MFA on such issues. To ensure greater coherence across the programme, it identifies that 'strengthening synergies [...] requires the creation of thematic cross-cutting expertise within the Ministry to enable effective and coherent contributions to the AfT agenda at various levels, from bilateral cooperation to cooperation at EU-wide and multilateral levels'.



## 6.2 Integration of Cross-cutting Issues into Finland's AfT Portfolio

Finland encourages its implementing agents and multilateral partners to take cross-cutting issues seriously. This has certainly been effective with the IFC, for instance, which would not have placed weight on gender issues were it not for the interventions of Finland and other bilateral donors. It seems that a stronger, clearer analysis of the factors in cross-cutting issues is present in Finland's long-term partner countries, such as Kenya, placing Finland in a stronger position in terms of designing effective interventions.

Meanwhile, a number of Finland's implementing partners have absorbed Finland's policy messages about cross-cutting issues into programmatic design. Documents for the Kenyan Programme for Agriculture and Livelihoods in Western Communities (PALWECO) include indicators that relate to equality, gender and vulnerability, social exclusion and HIV and AIDS, with some indicators disaggregated by gender. The IPP uses indicators disaggregated by gender, the environment and socio-cultural aspects. MFA considers work in the Kenyan forestry sector, Zambia's Programme for Luapula Agricultural and Rural Development (PLARD) II, Science, Technology and Innovation (STI) Mozambique, the Southern Africa SAIS, Nicaragua's Enhancing Small Enterprise Growth of Nicaragua through the Development of Existing Value Chains (PROPEMCE) and the UN Development Programme's (UNDP's) AfT in the Wider Europe Initiative (WEI) area to integrate cross-cutting issues effectively.

The SUFORD project in Lao PDR is working to build benefit-sharing systems (and the political and institutional support for these) for forest managers (commonly socially and politically excluded minority ethno-linguistic groups living in remote rural areas). These will benefit poor and marginalised ethnic minority groups who live in forested areas. The need to consider benefit sharing in the forestry and minerals sector is an issue that reappears elsewhere in Finland's AfT portfolio, indicating that Finland is willing to address this difficult policy area head-on.

A number of challenges remain and, despite recruitment and ongoing capacity development efforts in the area of poverty and gender, expertise on cross-cutting issues remains scarce (KII, MFA). This has implications for coherence, effectiveness and impact. In addition, although checklists are available to guide project preparation, limited specialist advisory support limits the effective integration of cross-cutting themes at the design stage and throughout the project cycle. At the project identification stage, teams tend to be small and limited in scope, and do not necessarily incorporate expertise on cross-cutting issues. As a consequence, these concerns tend to be poorly mainstreamed, with gender, for example, often 'bolted on' rather than woven into the fabric of the intervention logic and results chain.

Turning to the bilateral and multilateral portfolio, the challenges outlined above are more strongly apparent in the element implemented through and with the private sector, where cross-cutting issues are currently seen as the responsibility of others and

their integration as imposing unnecessary costs to business or working against profitability and returns on investment. In an attempt to find new ways to engage with the private sector, Finland might draw on parallels between the Netherlands Development Organisation's (SNV) approach to inclusive business and MFA's base of the pyramid approach.

A challenge to the integration of cross-cutting issues into AfT interventions is that social assessments of project and programme designs are not conducted as a standard element of the appraisal or quality assurance process. Such assessments might be expected to review the extent to which gender, exclusion and rights and issues related to HIV and AIDS are integrated effectively within the logic and results chain of the intervention's design. Gender and poverty advisors are invited to comment on design documents, but often this is once the design process is very nearly complete, limiting opportunities for genuine (rather than cosmetic) influence. Further, such invitations to comment are *ad hoc*, unsystematic and made at the instigation of the official leading the project/programme preparation process, whose role is solely advisory – in other words, the Quality Assurance Group is under no compulsion to advise lead officials to adjust programme design in light of such advice.

### **6.2.1 Articulation in Design, Operational Strategies and Results Frameworks**

Cross-cutting issues are poorly articulated in intervention design, operational strategies and results frameworks within Finland's AfT portfolio. However, this analysis may reflect weak M&E and data production related to cross-cutting issues rather than weaknesses in design and implementation.

### **6.2.2 Allocation of Resources**

Finland has shown its commitment to gender equity by supporting the World Bank's gender action plan 'Gender as Smart Economics' (KII, MFA HQ). Other examples of work on gender include MDTF-TD studies on women and trade, the UN Global Compact's work on women's empowerment principles, the Southern Africa Innovation Support System (SAIS) programme for women's entrepreneurship, as well as ITC, UNDP and the InfoDEV programmes.

However, few other projects specifically allocate resources to addressing cross-cutting issues. Superficially, performance on gender issues is better than on other cross-cutting issues. This finding is supported by previous analysis (Hardcastle, Forbes, Karani, Tuominen, Sandom, Murtland, Müller-Planteberg & Davenport 2010; MFA 2008; MFA 2011b), although the integration of gender into the Finnish AfT portfolio does not bear comparison with the work of leading bilateral donors. Gender is rarely understood in programme design in terms of institutionalised asymmetries in resources, power and agency the intervention might seek to address or the practical versus strategic gender needs the intervention might meet. Instead, it tends to be weakly articu-

lated through numeric targets, for example the number of women (as opposed to men) who will benefit from project interventions.

### **6.2.3 Reporting**

MFA reports that some activities related to cross-cutting issues implemented as part of the AfT portfolio have been effective, for example in Nepal, Nicaragua and Zambia (MFA 2008). Unfortunately, Finland's reporting on gender, exclusion, rights and HIV and AIDS (the cross-cutters) is poor, with disaggregated data and meaningful narrative reporting rarely provided. For instance, gender-disaggregated data (or data disaggregated by any other cross-cutting criteria) are not required, which reflects the thinking that the collection, analysis and presentation of such disaggregated data is too demanding (KII, MFA HQ).

This means this evaluation can neither corroborate nor counter MFA's positive view of its performance in this area.

### **6.2.4 Delivery of Results**

Finland's AfT Action Plan places great emphasis on promoting gender equality. It identifies that Finland's work within the AfT portfolio will be launched through two pilot projects: a gender impact analysis of a Finnish AfT programme and a project to promote the development of export opportunities for women entrepreneurs. It also commits to special emphasis being placed on cross-cutting themes when developing impact indicators.

The MFA reporting matrix on progress on the action points listed in the AfT Action Plan does not list the proposed gender impact analysis of Finnish AfT programmes. However, the AfT Team confirmed that these activities have not taken place.

MFA regards Finland as being well placed to deliver on gender mainstreaming, as this is an area where Finland has considerable expertise (MFA 2008, 12). However, the absence of disaggregated monitoring data means that this evaluation is unable to provide robust or quantified analysis on the delivery of results with regard to not only gender mainstreaming but also any of the other cross-cutting issues.

### **6.2.5 Conclusion**

In conclusion, although patches of good practice exist and could be built on, cross-cutting issues are not well integrated into Finland's AfT portfolio. With the adoption of a Gender Action Plan by the EU in June 2010, Member States are now responsible for ensuring its implementation (KII, MFA HQ). This suggests that MFA is now obliged to systematically integrate gender into all AfT interventions.

## 7 FINNISH VALUE ADDED

### 7.1 What is Finnish Value Added?

FVA, as outlined in the AfT Action Plan, relates to sectors and topics where Finland has robust internationally recognised competence or a comparative advantage. According to the AfT Action Plan, areas of FVA include forestry, agriculture, energy, environment and the information society. Similarly, country negotiation documents for Finland's long-term partners typically refer to FVA in terms of areas in which Finland has comparative advantage. They often indicate that FVA will be provided through the use of Finnish experts, TA or the ICI as well as Finnish private sector's engagement.

This suggests that there is ambiguity and confusion concerning the definition of FVA, a finding which was confirmed by KIIs with MFA officials and partners. Some partners interpret FVA as the Finnish 'way of doing business', referring to the characteristics and attitudes of MFA officials or the application of Finnish values in development cooperation, for example through supporting good governance and the rule of law, where Finland has a particularly good reputation. Others interpret it as the generation of opportunities for Finnish companies in new markets. Further, a number of public events on Finnish AfT have presented both Finnish AfT and FVA in such a way as to leave participants rather confused. Some have come away believing firmly that Finnish AfT is Finnish aid for Finnish trade (that is, trade promotion) and the articulation of FVA justifies the provision of Finnish TA. This is problematic, and the 'tied' nature of some AfT has created considerable discomfort for some MFA officials (KII, MFA).

Given this confusion, we have decided to interpret FVA narrowly as 'sectors and themes within which Finland has internationally recognised expertise or comparative advantage'.

### 7.2 Delivering Finnish Value Added

Finland seeks to work through 'value-adding' sectors, by funding the provision of Finnish expertise and identifying innovative ways of working with the private sector, NGOs and academia to deliver ODA in line with Finland's comparative advantage.

Much of Finland's AfT is focused on areas where it is considered to have a comparative advantage. Within focal sectors, careful attempts are made to identify niche areas where smaller Finnish AfT interventions can contribute. As it is not entirely clear where FVA lies, the new AfT Action Plan should perhaps give more direction on the areas where Finland is expected to provide its expertise.

### **7.2.1 Exporting Excellence**

MFA encourages the Finnish private sector to engage with Finnish development co-operation and is attempting to identify opportunities through which this might occur. It is not clear to the evaluators whether this is in line with FVA or an example of trade promotion.

### **7.2.2 Innovative Ways of working**

Finland has established a cluster approach, whereby universities, research institutions, companies and NGOs work together to develop and implement innovative approaches to deliver ODA, and some clusters are active. For example, the Water Cluster has initiated the Finnish Water Forum, a platform for private companies, government, NGOs, scientific institutions and water-related associations to interact and seek solutions for global water challenges. Aalto University (part of the ICTs/Information Society Cluster) is actively piloting innovatory approaches using the base of the pyramid approach.

### **7.2.3 International Influence**

Within multilateral cooperation, Finland is generally considered an ‘easy’ donor to work with, as it gives space to the multilateral organisations to decide on project staffing and other implementation issues. In terms of trade policy and regulations in the multilateral context (especially the OECD and the EU), MFA officials receive positive feedback on their active participation in AfT-related policy dialogue and, in the context of international discussions on AfT, Finland is considered to be intellectually ‘one of the best’, with the OECD reporting that its outputs on AfT would be significantly compromised without Finland’s intellectual and financial contribution.

## **8 REPORTING MECHANISMS FOR ACCOUNTABILITY**

In this section, we assess whether MFA’s approach to reporting meets the standards of Finland’s key stakeholders, and whether they adhere to the Paris Declaration principles. A key purpose of project and programme monitoring is to generate data that can be turned into useful reporting information for upward accountability to the minister, to parliament (and thus to Finnish citizens; for horizontal accountability to partner governments; for internal accountability to others within MFA and lesson learning; for external accountability to the OECD and other international bodies; and for downward accountability to the primary beneficiaries of Finnish AfT. Monitoring information is also important for internal lesson learning and can be used to ensure that interventions are on track and to identify and extract evidence on where adjustments should be made. It can also be used to identify generalisable lessons of good practice and avoidable challenges and pitfalls.

## 8.1 Meeting the reporting Requirements of Finland's Key Stakeholders

Finland seeks to meet the reporting requirements of its key stakeholders through a variety of mechanisms.

- **Upward accountability:** This is achieved largely through annual written reports to the Finnish parliament; the delivery of *ad hoc* reports (as requested by parliament); and the commissioning (and publication) of independent evaluations.
- **Horizontal accountability:** This is achieved through annual (and sometimes bi-annual or quarterly) reports to government representatives through project and programme steering committees; liaison with government departments responsible for donor coordination (for example the Department of International Cooperation, Ministry of Planning and Investment, Lao PDR); and attempts to adhere to the Paris principles around mutual accountability.
- **Internal accountability and lesson learning:** Internal accountability is weak, as the articulation of results chains and the development of high-level (output, outcome and impact) indicators tends to be poor, and raw monitoring data are rarely converted into useful management information or analysis that can feed into institutional learning processes.
- **External accountability:** Reporting to the OECD, for example, is regular and complete.
- **Downward accountability:** There is no evidence that this is attempted directly, for example through national media, but it may be achieved indirectly through reporting to partner governments.

## 8.2 The Identification and Application of Lessons

There are no institutional arrangements within MFA for the systematic learning of lessons from monitoring information, independent evaluations or knowledge obtained informally through exposure. Although lesson learning does take place, it tends to be *ad hoc*. Examples of current practice include the following:

- Some advisors capture the good practice evidenced in their sector and disseminate these within the MFA through published fact sheets.
- Some implementing partners invest in communications and have project websites and newsletters and contribute to sectoral (or other) networking events where the diffusion of ideas is possible.
- Face-to-face exchanges of experience among MFA staff take place around MFA 'in-weeks' in Helsinki and at regional events.
- Informal and personal networking occurs between MFA HQ and embassy staff.
- Informal networking takes place by implementing partners, within country/sector and (through the transfer of consultants from one TA posting to another) internationally.

- AfT-related workshops have been held in Helsinki and partner countries, presenting the experiences of implementing partners alongside observations by MFA officials. Participants valued these events, which provided a foundation on which to build. For example, seminars in Zambia (December 2008) and Tanzania (October 2010) were considered useful in bringing together the various actors in the field (including embassies, Finnpartnership, local ministries, chambers of commerce). MFA also organised a workshop on business partnerships in May 2011. However, clear goals for these events were not set and events were not formally followed up on, making results difficult to assess.

### 8.3 Feedback Loops for Lesson Learning

Lesson learning, the sharing of good practice and policy engagement are particularly important where innovative and experimental projects are being employed to explore new technologies (for example the EEP or Vietnam's IPP) or where influencing government policy and the behaviour of other stakeholders is key to maximising an intervention's effectiveness (for example SUFORD in Lao PDR). In both cases, having effective project- and country-level lesson learning, communication and policy engagement strategies which enable the scaling-up of success and contributions to the national policy debate, along with cross-country, cross-regional and cross-sectoral lesson learning, is vital to maximise impact. Currently, Finnish AfT interventions do not all incorporate these components in a systematic way.

Looking more broadly at the AfT portfolio, feedback loops are weak, limiting opportunities for lessons from ongoing monitoring to feed into policy reformulation and the planning of future AfT interventions. This constrains individual staff and may reduce the effectiveness of Finnish AfT. Further, it means that the 'footprint' of Finnish development cooperation is less than it might otherwise be.

## 9 COUNTRY SUMMARIES

The following sections provide a summary of key findings from each of the six main country case studies, which are presented in greater depth in the detailed country reports in Annex 10.

### 9.1 Long-term Bilateral Partners

#### 9.1.1 Tanzania

Bilateral AfT to Tanzania totalled €4.02 million in 2009, or around 4.85% of Finland's bilateral and regional AfT. Many of Finland's bilateral AfT projects and programmes



in Tanzania are at the design phase (including interventions in ICTs, carbon trading and seed potato development). At present, the portfolio funds the power sector through an electricity project in Dar es Salaam, the forestry sector through a government sector programme and AfT at the regional level by contributing financially to the EAC-PF and by chairing EAC-PF meetings.

Current interventions in Tanzania, despite falling under the broad AfT umbrella, may not be considered AfT by embassy officials or implementing partners, and the linkages between projects/programmes and trade and wider growth and poverty reduction are infrequently made (for example the Dar es Salaam energy project). Even new programmes tagged as AfT (including the Lindi and Mtwara Agri-business Support Programme) do not necessarily make links to AfT or trade-related outcomes. This suggests that Finland's AfT portfolio in Tanzania could benefit from becoming more strategic.

One concrete action that has taken place since the launch of the AfT Action Plan is the Tanzania–Finland Business Prospects Seminar organised in Dar es Salaam in October 2010. However, the focus of this was on creating business linkages rather than AfT more broadly. Also, there is limited evidence on the extent to which it was able to create new partnerships with businesses and whether follow-up has been sufficiently systematic to allow for this type of an assessment to be made.

### **9.1.2 Vietnam**

Finland's bilateral AfT to Vietnam totalled €3.17 million in 2009, or around 3.8% of bilateral and regional AfT. AfT projects and programmes are focused on innovation (the IPP) and forestry (support to sector programmes as well as trust funds). Finland is also funding the IFC's MPDF, which operates in the Mekong region. Other regional programmes include the Mekong EEP and support to the MRC.

These projects and programmes do not necessarily have trade or market development as their main focus, and have not been formulated in direct response to the AfT Action Plan. Trade elements are included in projects and programmes to a limited extent. However, embassy officials are widely respected for their contribution to donor fora and have a deep understanding of AfT issues. Further, they play a very active role in coordinating projects and programmes by trouble-shooting project cycle management issues and ensuring smooth implementation. Good coordination is achieved by exploiting synergies between projects and programmes (with a representative from TFF on the FORMIS steering committee, for example) and through informal networking.

Finland is seen as having a comparative advantage over other donors, for example in information management for forests. The EEP, which is considered to be innovative elsewhere, is in fact quite similar to the initiatives of other donors.

### 9.1.3 Zambia

Bilateral cooperation with Zambia is regarded as one of Finland's most successful AfT country-level portfolios. This is because the AfT component of the portfolio is relatively large (totalling €7.312 million in 2009, or around 8.8% of Finland's bilateral and regional AfT) and because quite a high proportion of the portfolio relates to PSD and agriculture, both of which have clearly articulated links with trade effectiveness, although these may not be articulated in project and programme documents. This pattern of intervention reflects bilateral negotiations and the division of labour between donors. However, although the Zambia programme is significant for MFA, Finland is not a particularly visible donor in AfT-related ODA in the country, although it is part of the PSD Cooperating Partners' Group and is donor-facilitator of the EIF. (Finland's role in facilitating donor interactions around the EIF has been valued highly, although the process has faced considerable delays owing to staff changes, etc.).

A key element of Finland's bilateral portfolio is its support to government, mainly through the two large government programmes, the PSDRP and the FSDP. Other PSD programmes supported by Finland include support to the development of and access to business services and a broad-based wealth and job creation programme implemented by the International Labour Organization (ILO).

Funding large government programmes is desirable from the perspective of country ownership and donor alignment with country priorities, but concerns were expressed that this might result in 'putting all one's eggs in one basket', which can be suboptimal where the pace of implementation is slow, as has been the case here. A positive attribute of these two large programmes is that they have encouraged broad consultation among stakeholders. Despite this, the quality of government-private sector dialogue has been poor and, although the private sector is increasingly involved in policy dialogue, it is still not strong enough to engage meaningfully in direct policy negotiations with the government.

The implementing partners have themselves created synergies in the Zambian context of Finnish-funded AfT. For example, linkages are currently being made by an implementing organisation receiving funding through the embassy's LCF, and the organisation is also playing an active role in the government-wide PSDRP Trade Expansion Group.

Albeit not specific to Zambia, one of the challenges in implementing AfT projects and programmes is that programmes delivered through the national and regional portfolios are not well coordinated, particularly where coordination is from Helsinki or at the regional level (for example the EEP East and Southern Africa programme) or where the implementing partner is a multilateral agency and opportunities for synergies are missed. There is also a disconnect between projects and programmes, including Finnpartnership: better linkages within the context of a more strongly strategic approach would strengthen the effectiveness of Finnish AfT.

## **9.2 Other Country Case Studies**

### **9.2.1 Lao PDR**

Finland's support to Lao PDR in 2009 amounted to €4.9 million, of which around €3.8 million can be classified as AfT. This is 4.6% of Finland's bilateral AfT.

Finland does not have an embassy in Lao PDR: projects and programmes are implemented through partners (for example the government and the World Bank in the case of SUFORD, or universities and research institutions) or project implementing staff, supported from the Finnish embassy in Thailand. One of the main private sector development programmes, support to the MPDF, is also being implemented in Lao PDR, and is discussed further under the Vietnam country study in Annex 10.

Finland is a new development partner in Lao PDR, and has been able to respond to requests from the government and make small investments in sectors in which it provides value added or has comparative advantage. These investments are seen as strategic and also have filled gaps left by other donors (for example Sweden, which has decided to withdraw). Finland's ICI projects in Lao PDR in mapping and mining also correspond to areas of FVA or comparative advantage.

### **9.2.2 Namibia**

In 2001, Finland decided to terminate bilateral funding to Namibia, with most funding agreements coming to an end between 2004 and 2006. Despite this, Finland employs a range of funding instruments in support of Namibia's social and economic development (for example concessional credits, the ICI, Finnfund, Finnpartnership, the LCF and support to Finnish NGOs active in Namibia). In 2009, Finnish AfT disbursements in Namibia totalled €0.22 million (or around 0.3% of Finland's bilateral ODA to Namibia).

The AfT Action Plan is seen as a very general document, with limited or no influence on AfT activities in Namibia. Finnfund has provided funding for Namibia's second mobile phone operator CellOne, as well as a medical equipment company. Projects to be funded by Finnpartnership have not yet begun, although they are currently being discussed with private sector organisations such as the Namibia Chamber of Commerce and Industry and the Namibian Manufacturing Association. The evaluation mission therefore focused on identifying and interviewing beneficiaries of other funding instruments, for example concessional credits, the ICI and the LCF.

Finland's cooperation in Namibia is focused on the private sector, but the extent to which its capacities are built remains unclear. Another area of focus is institutional development (using the ICI), particularly in the area of mining, such as the development of a uranium mining and milling policy.

Around 20% of the embassy's LCF funds are used for trade-related projects, with a focus mainly on local NGOs. The use of these funds is determined by demand, although embassies have recently introduced an LCF strategy.

Finland's interventions in Namibia are seen as lacking strategic focus. This may be because funding decisions (for example for concessional credits and Finnfund) are not made by the embassy. In addition, Finland's tracking of the development results of the LCF and Finnpartnership projects is not systematic (although this is applicable to all ODA, not just AfT), and projects and programmes could be better linked – both to each other and to regional programmes, for example the EEP.

### **9.2.3 Thailand**

Finland does not provide bilateral aid to Thailand, but delivers ODA through regional programmes, multilaterals and a range of other instruments. The embassy in Bangkok is responsible for regional AfT programmes, as well as coordinating interventions in Lao PDR and Cambodia. It is clear from discussion with embassy representatives in Bangkok that AfT is not a priority theme in Thailand. Ongoing AfT interventions in the region are not all recognised as AfT by embassy officials, which suggests the principles of AfT have not been fully understood and internalised.

Although there are ongoing regional AfT projects with a footprint in Thailand (such as support to the MRC and the EEP Mekong), the main focus at the national level is on enabling the private sector and forging business linkages. Finnfund and Finnpartnership both have several ongoing projects in the country (12 in 2009). Other approaches to enabling foreign direct investment to Thailand include Finpro and the Thai–Finnish Chambers of Commerce - the latter is not directly supported by Finnish ODA.

Despite these approaches to supporting PSD in Thailand, it appears that the initiatives operate independently of each other. Greater collaboration between Finnfund, Finnpartnership and both Finpro and the Thai–Finnish Chambers of Commerce could improve the effectiveness of Finnish support to Finnish investments in the region, with more attention required to develop such synergies.

## **10 THEMATIC SUMMARIES**

### **10.1 Trade Policy and Regulations**

This section summarises the evaluation's findings on the trade policy and regulations component of the Finnish AfT portfolio. It draws on the findings from the desk review and country studies and a subsequent review of relevant project and programme documents.

Improving countries' ability to participate effectively in trade negotiations and benefit from trade agreements is a priority in the AfT Action Plan, for example improving market access for developing country exports to the EU. The Action Plan goal of '[promoting] inclusion of development concerns in global and EU trade agreements to enable developing countries to participate more effectively in international trade' is, on the whole, well aligned with the needs and priorities of most developing countries (especially LDCs), for which this is still a binding constraint.

The vast majority of Finland's AfT classified as 'trade policy and regulations' is channelled through international, multilateral and regional organisations (WTO, UN, etc.), and 'trade development' is a common element of support to many of these organisations. A number of them also support broader objectives on trade development and building productive capacity (ITC, EIF). Multilateral/international trade and development organisations, hereafter referred to as 'multilaterals' for ease, are considered important channels for Finland to participate in the global AfT agenda, especially those focusing directly on international trade, such as the WTO, UNCTAD and ITC and programmes such as the EIF.

The **relevance and effectiveness** of Finland's support, particularly under trade policy and regulations, has been affected by the slow pace of the WTO DDA as well as by EPA negotiations and the increased focus on regional agreements within and between regional blocs, for example the East African Community (EAC), SADC and COMESA. The Action Plan highlights the importance of AfT in supporting regional integration and cooperation but, according to Finland's response to the OECD–WTO donor questionnaire on AfT in 2011, demand for AfT has increased for regional cooperation 'but not really for regional integration'.

Priority themes and sectors, as stated in the Action Plan, are reflected in Finland's support to multilaterals. It is worth pointing out that themes are more frequently addressed in multilateral support, whereas sectors receive greater focus in bilateral programmes. However, evidence of explicit conceptual linkages and/or analysis of the transmission mechanism by which AfT support may benefit poor and vulnerable groups was lacking in the documents reviewed. In many of the project and programme documents, the link between AfT, trade, growth and poverty reduction is assumed. A number of the institutions and projects and programmes supported include (or have included) activities to explore the relationship between trade, growth and poverty reduction, including the impact of AfT.

The inclusion of cross-cutting issues in this area of the portfolio is relatively high. For instance, ICTSD activities include a major workstream on trade, climate change and sustainable development, whereas the ITC has a number of activities with a focus on gender.

With respect to **coherence, complementarity and coordination**, in the area of trade policy and regulations (and trade development), the AfT Action Plan reflects the key priorities outlined in Finland's Development Policy Programme 2007, namely, the

importance of AfT in supporting developing countries to engage in trade negotiations and benefit from agreements, as well as projects and programmes that help countries export products and increase value addition. Objectives in the Action Plan and Finland's Trade Policy Programme are largely coherent and are mutually reinforcing (for example in the goal of improving market access for developing countries). As such, the Action Plan is considered a useful tool for advocacy with external partners by the Finnish missions in both Brussels and Geneva. The checklist attached as Annex 2 of the Action Plan has been used by many in the Geneva-based organisation, who found it useful in pitching their requests for support. In Brussels and Geneva, Finland is actively involved in donor coordination on AfT issues, for example through participation in formal and informal donor coordination meetings.

The Action Plan does not provide details on preferred specific areas of focus under trade policy and regulations and trade development, since MFA favours unearmarked support to these organisations rather than prescribing focus areas. However, individual agreements with multilateral organisations do include specific areas for support (earmarked) as well as preferred areas of support for unearmarked resources (including Finland's priorities as stated in the Development Policy Programme 2007).

Finland's multilateral AfT tends to be well aligned with the objectives of the organisations it is supporting. However, alignment of multilateral support with the needs of developing country trade ministries and governments (and their populations) is considered to be lower relative to bilateral support. Multilateral projects and programmes are often not based on national needs assessments and, in many cases, ideas are conceived at HQ and then tailored to the national context, rather than the other way round. This is partly attributable to multilateral organisations' limited ability to undertake country-level needs assessments, given the low presence of some of these agencies on the ground (Bartel 2009).

There is significant potential to build links between Finland's bilateral support and its multilateral support, to ensure they are supportive of each other. MFA encourages deeper cooperation across multilateral agencies and programmes and enhanced coherence and synergies between bilateral, regional and multilateral AfT; according to the Action Plan, embassies have a key role in contributing to the initiative. However, links between bilateral and multilateral support, especially through trade and development organisations (under trade policy and regulations), appear to be quite limited in a number of cases.

Assessing **efficiency** is complicated by two factors. First, most multilateral organisations pool funding resources to cover both operational and programme costs, so the rate of return is almost impossible to determine. Second, there are no baseline data allowing an assessment of what additional Finnish funds were contributed. Finland and other donors have put pressure on multilateral organisations to improve their RBM. In addition, there are a number of efforts in play to encourage donors to align with one overarching M&E framework of a multilateral organisation, and Finland has actively engaged with organisations, including ICTSD, in the process of developing



such frameworks. One overall framework and limited earmarking reduce the transaction costs for the recipient, and allow organisations greater flexibility and the ability to take a programmatic approach to interventions and hopefully contribute to greater efficiency. However, such approaches reduce traceability of results for individual contributions and the ability to ensure expected results are in line with Finland's objectives on AfT.

Under multilateral cooperation, the AfT Action Plan action points include the need to consider 'the possibility of concentrating funding into larger packages', which implies fewer larger projects and programmes. Efforts have been made to increase funding to particular trade and development organisations, but the number of organisations, programmes and projects receiving support is increasing. Another action point includes the need for 'smaller contributions on a yearly basis in light of the overall AfT context'. This may appear to conflict with the previously mentioned action point, although it is also understood that a range of approaches is required – hence the two points are not mutually exclusive.

Predictability of support would be improved through greater multiannual support, enhancing the ability of implementing partners to plan on a longer time horizon. Funding commitments to trade and development organisations tend to be annual, although KPO is making efforts to move towards more multiyear commitments.

Finland's support covers a large number of organisations with sometimes relatively small funding commitments vis-à-vis other donors. Findings from interviews suggest this may owe to the need to ensure visibility as well as to 'spread risks' across a number of organisations. However, efficiency gains might be achievable through fewer, more long-term strategic projects, which would also free up project management resources within MFA and increase Finland's presence as a donor within certain organisations. For example, in 2010 Finland supported eight different UNCTAD trust funds/programmes with a total of €0.8 million; this does not correspond very well with Finland's aim in the Action Plan of 'concentrating funding into larger packages'. Meanwhile, although MFA staff are considered very efficient in terms of providing effective guidance and follow-up, a number of interviewees voiced concerns about the overreliance on a few key staff in HQ.

In terms of **effectiveness**, the AfT Action Plan has been important in determining the direction of multilateral support. Many of the action points have been implemented, but a central one – reducing the number of programmes and increasing the scale of support to particular organisations and institutions – has only been explored at this stage, hence fragmentation remains. For a country its size, Finland has had considerable influence on the international AfT agenda (such as in the EU and the OECD). However, many of the objectives in the Action Plan which are advanced through support to multilaterals depend on external factors beyond MFA's control (such as progress on/conclusion of the DDA). These affect the effectiveness of interventions directly.



Evaluation of the **impact** of Finland's support is challenging. Many of the activities supported report on inputs, activities and outputs, but evidence on outcomes and impact is less evident. This is because of both a shortage of information and attribution problems. Moreover, in many cases, the time period for impact materialising is beyond the scope of the time period of the AfT Action Plan. As a result, and on the basis of the documentation available, few impacts can be attributed to AfT in the area of trade policy and regulations for the timeframe of the Action Plan.

The financial **sustainability** of support to multilateral organisations is to some extent maintained through the number of funding sources. Most organisations (ICTSD, ECPDM, ITC, MDTF-TD) have a varied funding base and are not overly dependent on Finnish support, although some of the UNCTAD trust funds and programmes rely on Finland's support only. However, many organisations were concerned that a number of donors were scaling back support given financial constraints in their own domestic budgets. In terms of capacity-building initiatives, interviewees raised concerns regarding trade officials in Geneva inevitably moving home and being replaced by new ones. However, by returning home, there is greater scope for them to impart knowledge gained to government officials in their home ministry.

In relation to **FVA**, Finland is considered a 'nodal donor' on ICT and the environment in the context of trade and has encouraged others to support this area. Moreover, multilaterals interviewed valued MFA's intellectual inputs into guiding the design and implementation of multilateral support highly. And in international discussions on AfT, Finland is considered 'one of the best', and the OECD gives significant credit for the intellectual outputs of the OECD AfT work programme to Finland. In addition, many implementing partners valued Finland's 'hands-off', pragmatic and transparent approach.

Aid modalities were considered largely appropriate and were favoured by implementing partners, particularly the focus on unearmarked (or softly earmarked) support through core contributions rather than project support. However, annual, rather than multiannual, commitments have hampered attempts to plan work programmes.

## 10.2 Building Productive Capacity

This section summarises the evaluation's findings on the building productive capacity component of the Finnish AfT portfolio (PSD, agro-business and forestry). It draws on findings from the desk review and country studies and a subsequent review of relevant project and programme documents, and reflects on information concerning a total of 30 projects and programmes.

The AfT Action Plan and activities within building productive capacity are **relevant** and broadly in line with the sectors and themes identified as important elsewhere in Finnish development cooperation. However, while many action points from the Ac-

tion Plan have been implemented, this has not necessarily resulted from the existence of the Action Plan.

Alignment with country priorities is ensured through bilateral negotiations with Finland's main partner countries, and areas of support are generally chosen based on a division of labour agreed between donors. The portfolio review of 13 projects and programmes under building productive capacity showed that only one has trade as one of its main objectives, and that, across the set, conceptual linkages between AfT, poverty reduction and inclusive growth are made to only a limited degree.

Support to PSD links closely to other projects and programmes in other sectors. The portfolio review suggests that linkages are currently being made to some extent between bilateral projects and programme in some countries, for example Zambia, where there is also the encouraging example of linking LCF funds to the overall PSDRP Finland is supporting. Documentation for agricultural projects in the AfT portfolio established a link between agriculture and PSD, although in the absence of monitoring information we were unable to assess whether these links have been achieved.

In terms of internal **coherence**, there is limited evidence of the AfT Action Plan having influenced the identification or design of projects and programmes that support building productive capacity. Agricultural projects frequently make the link between PSD and support to the enabling environment, but linkages with trade are infrequently made. Forestry is one of the focal sectors of Finland's AfT, and the majority of the projects and programmes reviewed establish a link between Finland's forestry support, PSD and trade, although this is often not explicitly stated.

In terms of country-level coherence and **complementarity**, Finland's bilateral projects and programmes are determined by priorities and needs identified through country studies and articulated in bilateral negotiations held every two to three years with the main partner countries.

With respect to **coordination**, project documents usually include a light-touch review of previous studies conducted, but often do not entail a gap analysis. Finland is, however, a member of joint donor groups and signatory to the joint assistance strategies in the forestry and PSD sectors.

We found that, although desirable from the country ownership point of view, support to government programmes may not always be desirable (over the short term) in terms of **efficiency**. Two of the projects reviewed are government programmes which have experienced suboptimal levels of efficiency, perhaps because of cumbersome government systems. This has meant the outcomes and impacts they have delivered have been relatively small vis-à-vis inputs.

The AfT Action Plan notes the importance of linking Finland's programmes in energy, agriculture and forestry in order to maximise **effectiveness**.

We found that the presence and robustness of M&E frameworks seem to depend on programme size, with project and programme documents for smaller interventions (for example ICI and LCF projects) commonly having no indicators at the outcome and impact levels.

With respect to **impact**, Finland has extensive knowledge of and experience in working on forestry and agriculture in its partner countries, and these are considered to be key areas for sustainable poverty reduction. However, according to the recent Evaluation of Finnish Support to Forestry and Biological Resources (Hardcastle *et al* 2010), the findings for forestry are somewhat disappointing in terms of outcomes and impact on poverty reduction.

The projects and programmes reviewed generally have the potential to be **sustainable**, particularly when they are aimed at changing the policy and regulatory environment in their respective sector. Support to forestry and PSD is to a large extent channelled through government systems, which increases the potential for sustainability (as ownership has been secured), but on the other hand can raise concerns over financial sustainability once donor funding has come to an end.

With respect to **FVA**, Finland has focused its support on areas where it has a comparative advantage in expertise and technology. The concept of FVA is unclear, though, with various interpretations of the term emerging. A new AfT Action Plan would provide the opportunity for clarification and more direction on the areas where Finland might provide value added, and how this might best be delivered.

Although there are some examples of sharing of **good practice and lessons learnt** across projects and programmes in the portfolio, this could be strengthened. The review of project and programme documents, as well as interviews, suggested that communication between projects and programmes is not systematic or through established channels, but rather *ad hoc*. Ongoing initiatives (for example production of lessons learnt reports in Mozambique, broad participation of government, private sector and donor representatives in sectoral programmes' working groups, etc.) can contribute to greater lesson learning across the Finnish AfT portfolio. Finnish AfT would greatly benefit from a systemised approach, particularly in sectors where Finland considers itself to have a comparative advantage.

### 10.3 Economic Infrastructure

This section summarises the evaluation's findings on the economic infrastructure component of the Finnish AfT portfolio (energy, ICTs/information society, minerals/geology and mapping). It draws on the findings of the desk review and country studies and a subsequent review of relevant project and programme documents, to reflect on information concerning 30 projects and programmes, of which seven (or 23%) can be classified as economic infrastructure. These seven projects include three regional and two bilateral energy programmes and one bilateral and one regional ICT

programme. In 2006-2009, economic infrastructure totalled €44.8 million, accounting for 20.2% of Finland's AfT.

The majority of projects and programmes under economic infrastructure have a sectoral, rather than a cross-cutting, focus, and trade is not a main objective. 'AfT thinking' has been mainstreamed into the design and implementation of economic infrastructure projects and programmes to only a very limited degree in our six case study countries. However, the evaluation judged Finnish AfT interventions in ICTs and energy to be highly relevant in their own right to Finland's partner countries.

In the context of MDG 8, Finland sees knowledge, technological learning and innovation as key starting points for development. The promotion of renewable energy sources, the use of ICTs and innovation all support sustainable development as outlined in the Development Policy Programme.

Energy and infrastructure are both emphasised as important for sustainable development in Finland's AfT Action Plan, but the extent to which this has guided the identification and design of projects and programmes in this category appears to be limited. Areas for bilateral cooperation are identified in negotiations with partner countries and, although economic sustainability has led the selection of focus areas, the Action Plan itself has had limited influence; often, project identification pre-dated the launch of the Action Plan, suggesting it could not have had any influence in these cases. A review of the country negotiation papers for Finland's main partner countries reveals that trade and AfT are not discussed as focal areas in bilateral negotiations. Instead, the focus tends to be on sustainable development.

Project and programme documents provide a detailed description of the national policy environment (this is cursory in the regional programmes). Economic infrastructure (including renewable energy) interventions are focal areas in all national development plans (or similar) of the countries where such projects and programmes are being implemented, suggesting a high degree of **coherence and complementarity** (alignment). However, these objectives are often expressed in very broad terms, making alignment with them relatively easy. The regional programmes reviewed demonstrate a relatively flexible and broad area of focus, enabling a broad range of renewable energy projects to be funded.

**Coordination** with other donors is taken into account at the design stage to some extent. Project documents tend to contain a brief summary of studies conducted by the partner country and other donors in the sector. However, there is limited evidence of comprehensive donor mapping studies being undertaken, and 'duplication of efforts cannot be ruled out' (KII, Tanzania). In all of our case study countries, Finland is part of a sectoral or thematic working group, including those on energy, contributing to coordination at the macro level.

The projects and programmes reviewed demonstrate weak linkages with other instruments of Finland's development cooperation.

Overall, the **efficiency** of the AfT portfolio in economic infrastructure is suboptimal, mainly because of the slow start-up of interventions. For example, the regional programmes in the sample started in 2009 but actual implementation did not start until late 2010. If Finland is to maintain ICT as one of its key areas of cooperation and remain one of its leading donors, there is a need to pay attention to speeding up the delivery of bilateral programmes. A common factor was that dialogue between national and regional actors was limited: significant efficiency gains could be made if this interaction was improved.

As to **effectiveness**, we found that small-scale projects report mainly at the output and activity level, as do the ICI projects on mapping and mining, even at project completion. Nevertheless, relatively small projects – in funding terms – can have a significant impact (if successful) in setting the enabling environment for a sector, but transactions costs are high, including for the regional energy programmes.

Finland's support focuses on a relatively few sectors that are in line with FVA. However, a tension exists between this tight focus and identifying and responding to the binding constraints of partner countries. The energy and ICT programmes reviewed have the potential to have an **impact** on sustainable energy usage and the innovative use of ICTs in their respective regions, but much of this is related to how well lessons are communicated across the regions, as well as whether linkages between national and regional levels can be strengthened. At present, there is limited evidence of this being done effectively.

In terms of **sustainability**, the regional energy and ICT programmes reviewed are experimental in nature and flexible enough in design to allow for adjustments during their lifetime. They also have the potential to feed into policymaking processes, which is expected to have a long-term impact. The extent to which engagement with national policy processes follows the identification and communication of lessons is limited, however.

Energy and ICT are considered to be some of the areas of **FVA**. The review of project and programme documentation suggested that Finland has contributed effectively to the AfT agenda as a 'thought-leader' in the context of ICT programmes, particularly in the World Bank's InfoDEV, by applying its expertise for example in the area of mobile phone technology. Consistent and long-term involvement in ICTs and the information society gives Finland credibility in this area. However, KIIs revealed some controversy over the purpose of AfT.

The projects and programmes reviewed demonstrate a range of instruments used (bilateral, multilateral, regional and the ICI). These **aid modalities** can be seen as complementary when they support similar initiatives at both country and regional level, although at present linkages are rarely made between programmes (for example energy and ICT programmes).

Sample projects and programmes suggest that **lesson learning and communication** in economic infrastructure has been successful across the regions. Two successful regional programmes (energy and ICTs) have been replicated internationally. However, there is scope for improved communication and lesson learning within sectors and regions.

## 11 CONCLUSIONS AND LESSONS LEARNT

We have identified a number of key findings, conclusions and lessons learnt:

1. The AfT agenda has high-level support within MFA and this, combined with the development and communication of the AfT Action Plan and the establishment of AfT focal points, has resulted in increased awareness of AfT.
2. Finnish AfT specialists in MFA and at the country level are recognised for their contributions, both strategic and technical, on AfT. However, as a whole, the conceptual framework underpinning AfT is still poorly understood within MFA, among embassy officials and, in some cases, among implementing partners. This is reflected in the limited mainstreaming of trade-related objectives and outcomes in many of the projects and programmes classified as AfT.
3. When introducing new concepts such as AfT, it is important to clarify the scope and objectives, consider the resource requirements and develop guidelines and tools for implementation, as well as providing training. Sufficient time and resources are required, otherwise limited traction may be obtained, raising the potential for claims of ineffectiveness and inefficiency.
4. The development and communication of a clear conceptual framework which articulates how the various AfT categories (across the sectors and themes) contribute to MFA's high-level trade-related development goals would support effectiveness.
5. Much of the Finnish AfT portfolio is currently 'broad definition' AfT; Finland's impact on trade performance, pro-poor growth and poverty reduction could be enhanced by a clearer articulation of the results chain by which broad definition AfT might be expected to affect markets and trade. In addition, refocusing the portfolio to include a greater flow of investments into more narrowly defined AfT with explicit trade-related objectives and outcomes would increase the potential impact of Finland's AfT portfolio on trade flows in developing countries. Currently, a number of projects and programmes classified as AfT are not designed to have an impact on trade.
6. In devising the new AfT Action Plan (or similar) and in the development of new project and programme guidelines (currently underway), MFA has the opportunity to ensure that adequate management and accountability tools are developed and adopted (such as improved performance frameworks, including logframes and SMARTer indicators). This would steer the development and im-

plementation of AfT projects and programmes and support the measurement of performance against outcomes (rather than maintaining the current focus on mainly inputs, activities and outputs), thereby enhancing performance. This could be supported by an increase in advisory resources on AfT and a deepening of the rigour of the quality assurance process.

7. Systematising MFA's reporting for accountability and lesson learning would enhance the performance of the AfT portfolio, particularly if feedback loops into internal knowledge management and external policy engagement are developed.

## 12 RECOMMENDATIONS

Here, we present the recommendations of the report, which build on our findings, conclusions and lessons learnt.

1. Improve understanding of the trade context by identifying national and regional binding constraints to trade through deeper reviews of existing analysis or by jointly commissioning gap-filling work.
2. Clarify the purpose of AfT, identifying the relative importance of trade promotion for Finnish companies, products and expertise versus development objectives for partner countries. A clearer and better-communicated definition of FVA would help reduce ambiguity. MFA should clarify its position with regard to private–public partnerships, tied aid and use of its development cooperation budget to support Finnish enterprise and Finnish exports.
3. Develop a conceptual framework that better articulates the links between AfT, pro-poor growth and poverty reduction, including the MDGs, indicating how sectoral interventions can link to the enhanced volume and value of goods traded by partner countries. The framework could identify the role played by the different sectors in enabling developing countries to achieve better trade outcomes and contributing to economic growth and poverty reduction.
4. Communicate and explain the AfT conceptual framework more widely to MFA officials, including embassy staff, as well as implementing partners through the new AfT Action Plan or similar and through MFA's new programme/project guidelines. This will help encourage collaboration in design and implementation across sectors.
5. Ensure that all interventions classified as AfT have a results chain identifying the contribution that they will make to trade-related outcomes.
6. Build up policy advice in MFA on AfT by increasing advisory capacity (and resources) and providing tailored training on AfT (integrated into sectoral training), in order that sectoral advisors can provide support across MFA and embassies on AfT. An analysis of specific sectors/themes could be undertaken to establish the potential role of AfT in various sectors. AfT and sectoral experts



should collaborate more (for example through workshops) to identify and formulate ways of promoting AfT and to develop sector-specific recommendations.

7. Improve guidance for AfT by incorporating the new AfT conceptual framework into the new AfT Action Plan (or similar) as well as MFA's new project/programme planning system.
8. Strengthen the process of quality assurance across sectors and aid modalities, ensuring that AfT focal points review all design documents for projects and programmes classified as AfT, irrespective of sectoral focus or aid modality.
9. Adopt a more strategic approach to identifying and planning AfT interventions: rationalise the number of projects and programmes and scale up resources towards larger-scale programming with improved efficiency and effectiveness, particularly in terms of improved trade and poverty outcomes.
10. Identify common high-level results anticipated of AfT and develop SMART indicators and targets (as part of a clearly defined conceptual framework). A performance framework with a limited number of high-level indicators and targets at the goal/impact and outcome level should be formulated. This would be useful in steering the design and implementation of the AfT portfolio, while honouring the principles of country ownership and alignment. It would also help build greater coherence across the AfT portfolio.
11. Promote greater synergies between interventions funded under different modalities, through improved information sharing, particularly between the multilateral and bilateral portfolios.
12. Rebalance the Finnish AfT portfolio by increasing the proportion of funds allocated to current global priorities (for example regional economic integration and trade-related infrastructure).
13. Integrate cross-cutting issues systematically throughout all AfT interventions. This will require improved guidance and additional advisory resources to ensure cross-cutting issues are integrated during design and implementation including through quality assurance processes.
14. Enhance learning by maximising opportunities to identify and share lessons of good practice through improved communication between AfT-related interventions, which will also help build collaborations between interventions. This could include the production and distribution of short guidance notes on different aspects of AfT (for example at MFA in-weeks and through the intranet system), in addition to the new Action Plan (or similar). Both the new Action Plan and guidance notes should include concrete examples of lessons learnt and good practice on AfT within both multilateral and bilateral contexts.

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## ANNEX 1 TERMS OF REFERENCE

**Ministry for Foreign Affairs of Finland**  
Office of the Under-Secretary of State  
Development Evaluation/EVA-11

**Annex B**  
(revised)

### **Terms of Reference for Evaluation of the Finnish Aid for Trade**

#### **1 Background**

Trade-related development aid is not a new phenomenon. It has been part of international trade discussions from the early stages of GATT and on the agenda of the UN system and international financing institution for decades. The Aid for Trade (AfT) term was taken into use in connection with the WTO negotiations in Doha (Doha Development Agenda, DDA) and in Hong Kong (2005).

The Millennium Development Goal (MDG) only the number 8 “Develop a Global Partnership for Development” relates closely to AfT, specifically target 12 referring to furthering of an open, rule-based, predictable, non-discriminatory trading and financial system and also the targets 13 and 18, which address some specific aspects of AfT. In the UN World Summit (2005) the member states committed themselves to enhance the productive and trade capacity of developing countries as part of the attempts to promote the MDGs.

The purpose of the AfT is to strengthen the productive and trade capacity of developing countries, to support the development of the enabling business environment and address the supply side constraints. The AfT is divided into five categories: 1) Trade policy and regulations 2) Trade development 3) Economic infrastructure 4) Productive capacity building and 5) Adjustment costs. The AfT Task Force was established in February 2006 to provide recommendations on how to operationalize the AfT goals. After this follow-up and monitoring of the AfT has been the key theme of OECD, WTO and EU discussions. The first global review was published in 2007 (OECD/WTO) and the third global monitoring conference will take place in 2012. EU strategy for AfT was published in 2007 and EU also monitors closely the AfT implementation.

OECD commissioned a meta-evaluation on AfT programmes of DAC donors and international agencies with the aim to get lessons learned on how to improve the performance assessment of AfT.

The AfT initiative is expected to give extra emphasis to the efforts of the donor community in promotion of the private sector development and trade expansion of the developing countries. The initiative is guided by a Declaration (OECD/WTO 2010), which emphasizes local ownership as one of the key factors for effective aid.

The developing countries themselves recognize the importance of private sector and the development of enabling environment to enhance trade opportunities. The developing countries face, however, considerable obstacles to make the private sector to function properly and to promote productivity and competitiveness. Moreover, it is decisive that the WTO negotiations open better access to their products to the global markets.

Recently, the economic stability of all countries has been tested by the world-wide financial crisis. The decline in world GDP and trade has been exceptional. Financial crisis and public debt have meant for many countries deep cuts in investments, increasing unemployment and weakening social protection.

Just shortly before the world-wide financial crisis, advances in poverty reduction were noticeable; growth rates were rising in some of the developing countries in Africa and Latin America. Also international trade and direct investments were growing and global trade regimes were becoming more liberal. Opinions about the ways and means how this complex sector may be supported by the donor community differ but ultimately the aim of Aid for Trade is expected to strengthen also the pro-poor focus of trade. The linkages between trade, inclusive growth and poverty reduction should be understood in the same way by all stakeholders

The trade-related assistance is firmly placed on the development policy agenda of many donors and international development actors. With the downturn of the global economy aid for trade is more important than ever.

## **2 Aid for Trade in Finnish development policies**

The Development Policy of 1998 outlined some basic principles and objectives to promote the commercial policy objectives of the European Union, the liberalization of trade and investment in WTO negotiations and regional free trade agreements. Moreover, the Policy referred to Finland's readiness to provide technical assistance and advice to developing countries preparing themselves for WTO membership negotiations underlining, however, the importance of the leading role that international organizations should take in the capacity development. The policy document emphasized also Finland's interest to participate in reforming the EU's GSP (General System of Preferences) to enhance better access to EU markets for the developing countries that adhere to international norms in working life and environmental protection. In general, the policy recognized development of private enterprises as a central precondition for economic development.

Finland's Development Policy of 2001 shortly mentioned the need to further analyze and develop strategies on how various sectors and themes of cooperation would enhance the achievement of objectives of development cooperation in different areas, aid for trade and support to the private sector among others. The Development Policy of 2004 was more specific about the role of private sector and business development but followed more or less the earlier approaches. Some new elements were introduced like promotion of new technology, specifically information technology in

developing countries. Also Finnish private sector companies were encouraged to enhance cooperation and partnerships with public and private sectors in developing countries. The policy pointed out that improvement of prerequisites for trade should form a central part in Poverty Reduction Strategies. It mentioned also that the means to support development of bilateral commercial and economic relations should be enhanced.

Finland's present Development Policy of 2007 looks at the private sector from a larger perspective. It concludes for instance that the recent rapid economic growth in many developing countries has increased also demand for energy and natural resources. Intensified development efforts should be focused especially on the countries in sub-Saharan Africa. The development Policy emphasizes that "poverty reduction is possible only if progress made in developing countries is economically, socially and ecologically sustainable". A rules-based multilateral trading system should be further enhanced. Also promotion of export of the products and increasing their added value are considered as important areas for development aid.

In Finland's Development Policy Framework for Africa (2009) the private sector is seen as the driving force and the basic prerequisite for sustainable poverty reduction. The importance of private sector for employment creation and for utilization of improved agricultural production is recognized. An area, which is considered suitable for Finland's development cooperation is knowledge and information technology and their wide-spread utilization. The Policy lists some central areas for strengthening the economic infrastructure and preconditions for private sector development like sustainable energy and development of trade capacities. The instruments available for support private sector development are numerous including bilateral projects and joint sector programmes with other donors, institutional cooperation and multilateral channels as well as specific instruments like Finnfund, Finnpartnership and interest subsidy.

### **3 Finland's Aid for Trade Action Plan**

In 2008 the Ministry for Foreign Affairs of Finland (MFA) published Action Plan for Aid for Trade (2008-2011). The point of departure for AfT cooperation is the EU strategy for AfT in 2007, where Finland played a key role as the President of the EU. The key principles guiding the Finnish AfT are the same as for any other aid interventions. In addition Finland's trade and development is guided by EU's, WTO's and OECD's AfT policies and principles.

The Finnish AfT agenda comprises basically of three areas:

- Trade policy and development: Finland promotes the inclusion of development concerns in global and WEU trade agreements to enable developing countries to participate more effectively in international trade and to help facilitate imports from developing countries into EU areas as well as to other developed and developing countries;
- Trade and investments: Finland seeks to strengthen and diversify private sector development by promoting trade and investments between Finnish and developing countries;



- Aid for Trade: Finland seeks to strengthen the supply and trade capacity of developing countries to better integrate into the global economy through official development assistance (ODA).

The key objective is, in accordance with the EU strategy to contribute to poverty reduction by increasing AfT and enhancing its effectiveness in the context of environmentally and socially sustainable development.

Geographically the AfT is focused at the eight main partner countries of Finland. The majority of Finland's multilateral AfT is so called multi-bi support through international organizations. On the bilateral side, AfT is often an integrated "cross-cutting" theme in the aid interventions. Only Zambia is an exception as there the private sector development is clearly a central area in the Finnish country programme. Traditionally the wider AfT support (in addition to TRA also other aid categories that aim to strengthen the supply side of development countries, such as building productive capacity and strengthening economic infrastructure) has been estimated to be the largest, about one quarter of the Finnish development aid.

Themes that are emphasized include private sector development, ICT, environment and climate change, while agriculture, forestry and energy emerge as preferred sectors. Many trade-related challenges and their solutions are regional in nature. Countries like Egypt, South-Africa, Namibia and Peru, which are not Finland's main partner countries, are included in regional or thematic cooperation. Finland supports also for instance regional EPA agreements. With the new WEI policy initiative (the Wider Europe Initiative), the Western Balkans and Africa Policy Programs the Finnish AfT activities has been rapidly expanding. These policy initiatives are expected to offer interesting new perspectives for further strengthening AfT also in future.

In the WTO ministerial meeting in Hong Kong EU announced that it will increase trade-related assistance to two billion Euros per year by 2010, of which one billion Euros will be provided by EC and the member States. Finland will accordingly increase its AfT support to 2% of the development aid or to 15 million Euros until the year 2010. Moreover, the objective is to increase the wider AfT support. Finnish AfT financing commitments are mainly directed to 1) trade policy and regulations 2) economic infrastructure and 3) productive capacity and 5) trade development.

Closely linked to Finland's AfT are the so called thematic clusters, which the Ministry has established with external stakeholders for strengthening the collaboration in various areas: agriculture, energy, environment and climate change, forestry, information society and water. The purpose of the clusters is to harness the potential of Finland's expertise to effectively contribute to the implementation of the global AfT. Finland has arranged so far three networking and briefing seminar in the main partner countries with the aim at increasing awareness on AfT opportunities and business partnerships.

A separate document on Exporting to Finland was published in the same year as the AfT Action Plan i.e. 2008. It is meant to serve as a user-friendly handbook for small

and large exporters from the developing countries interested in exporting to Finland. It provides an overview of the Finnish markets, business practices as well as the required standards and regulations.

#### **4 Rational and Purpose of the Evaluation**

The rationale for this evaluation comes from the need to make available lessons learned and practical, concrete recommendations for follow-up actions and measures on how to develop further the policy for and the support for the Finnish AfT sector beyond 2011.

The main purpose of the evaluation is to assess the viability/feasibility of the present AfT Action Plan and to analyze whether its targeting, organizational set-up and implementation fulfills the expectations and objectives set for the AfT.

The results of the evaluation are subject to the management decision on which of and how the recommendations will be put into praxis. The main users of the evaluation are the policy makers, relevant advisors and the operational units in the Ministry for Foreign Affairs as well as other actors and stakeholders outside the Ministry, who are actively involved in the AfT activities.

#### **5 The objectives of the evaluation**

The evaluation shall focus on the wider Aid for trade, as it is understood in AfT Action Plan 2008. The objective of the evaluation is to achieve an overall picture about the Finnish AfT in order for the MFA to further improve and enhance its role and effectiveness.

The specific objective of the evaluation shall inform the Ministry on:  
whether the AfT Action Plan is in need of revision or precision and in which aspects;  
which aid interventions and aid modalities work, why and under which conditions and how the future support beyond 2011 should be developed;  
whether the organizational set-up for guiding and implementing AfT and the management systems respond to the functional and operational purposes and needs;  
whether Finland's bilateral and multilateral aid to the AfT are in synergy and to which extent synergy between different actions and actors in general is strengthened by the Ministry.

#### **6 Scope of the evaluation**

The period, which this evaluation shall cover, concentrates on the latter half of this decade – however, with a possibility to look into the nearest past in order to have perspective and to facilitate the inclusion of aspects and facts which would otherwise be left outside and which might be of interest for the purpose of this evaluation.

This evaluation shall look at the so called broader perspective on AfT as described in the Action Plan 2008, excluding however the Finnish contribution to WTO negotiations or other discussion forums. The scope of the evaluation includes the following aspects:

- The general context for AfT, taking into account the recent global events and challenges in the sector and their possible impact for future actions;
- Cooperation at the EU level;
- Cooperation with UN organizations and other international organizations;
- Direct bilateral or joint donor support to the developing countries;
- Analysis of the interaction between various stakeholders with different motivations, interests, perceptions and perspectives, domestic or local or international.
- The best practices of other donors should also be studied to give background and basis for comparison

The evaluation of the Finnish AfT development cooperation can be divided roughly into bilateral and multilateral cooperation. The aim is not to analyze the individual multilateral organizations and international institutions and their AfT but the point of departure shall be how Finland works with them and whether/how Finland is able to benefit from their work. However, the so called multi-bi projects shall be analyzed. For practical reasons bilateral and joint donor AfT interventions shall be assessed separately from the aid channeled through multilateral channels and EU but following the five categories of the AfT (see 3.3. in AfT Action Plan). The categories shall form the basis for the thematic case studies on how the Finnish AfT has been and is implemented today. At the country level the evaluation team shall look at the Finnish AfT contribution to the overall AfT assistance, including contributions from both bilateral and multilateral organizations. In this connection the complementarities and synergies shall be examined.

## **7 Evaluation issues/questions**

In the following the evaluation issues are organized according to the OECD/DAC and the EC development cooperation evaluation criteria. The criteria shall be used for assessing the Finnish AfT when preparing the evaluation matrix. In the following are some examples on each of the criteria; the list is not exhaustive and it may be in need of some precisions. The evaluation team shall prepare an adequate set of questions, which would serve the purpose of this evaluation and submit it for final approval of the Ministry in connection of the Inception report.

In analyzing the policies, approaches, methods applied and aid modalities used in the Finnish development cooperation for AfT the evaluation shall especially focus on what works and what not and why.

### **Relevance**

- Are the objectives of the AfT Action Plan consistent and compliant with the Finnish policies?
- How are the aid interventions aligned with the policies, priorities and needs of the partner countries? Have needs assessments been carried out at some stage of the planning?
- To which extent the Finnish AfT respects the common global principles for AfT?

- How is the feasibility of Finnish policies for guiding the actions in AfT; to what extent the AfT Action plan itself has been put into praxis and how has it guided the planning, design and implementation of the development cooperation?
- Are aid modalities used for different types of support suitable for their purpose?

### **Efficiency**

To what extent the AfT Action Plan has been transformed into concrete actions?

To what extent the aid interventions have transformed the available resources into the intended outputs and results, in terms of quantity, quality and time?

Can the costs of the AfT interventions be justified by the achievements?

Are the organizational arrangements and management systems for guiding and controlling the AfT adequate? What kind of monitoring and reporting system is followed? How does it fulfill the needs of multi- and bilateral AfT management information goals? How the accountability for the AfT has been understood?

Is the availability of adequate programming and advice secured for how to incorporate inclusive growth and poverty reduction focus into AfT programs?

### **Effectiveness**

- Have the policies, the AfT Action Plan, aid interventions and aid modalities achieved their purpose or will they do so in the future?
- To what extent have the cross-cutting issues been integrated in AfT activities (for instance gender, human rights, equal opportunities and social equality, environment, climate and disaster risks)?
- To what extent there is interaction between Finnish and other donors to create a more coherent and effective/relevant support to private sector and trade development in developing countries?
- To what extent the Finnish AfT policy and actions have influenced the interaction between stakeholders and interventions in different levels and sectors?
- Has Finland had any influence on policies of EC, OECD, WTO or UN agencies?
- To what extent the Finnish AfT has strengthened institutional ownership by the developing countries of Finnish aid interventions?
- What is the role of the partner countries in monitoring and evaluation?
- Are there any discernible effects of trade and trade-related assistance on poverty reduction and inclusive growth?

### **Impact**

- Are there any discernible features, which could indicate towards possible longer terms impact, positive or negative, intentional or unintentional?

### **Sustainability**

- Will the possible benefits produced by the AfT be maintained after the termination of external support?
- How is financial sustainability of AfT support services?

### **Coordination, complementarity, coherence**

- How do the Finnish AfT activities complement other donors' activities in the sector?
- Is the Finnish AfT aid compliant with the Paris and Accra principles on harmonization and accountability?
- How is the coordination among different actors and stakeholders functioning at the field level and between the capital and the field?
- To what extent there is coherence among different stakeholders? Are their policies and goals related to trade and private sector development in coherence?
- To which extent the AfT assistance in coherence with the MDG goals?
- To what extent the synergy aspects have been strengthened between Finland's multi- and bilateral activities and different instruments?

### **Finnish added value**

- What is the added value provided by the Finnish support?
- To what extent the cluster approach adopted for integration of the Finnish stakeholders has been beneficial for enhancing the Finnish added value?
- Has Finland a special way of promoting, planning and implementing of the AfT?
- Would any achievement of AfT at any level be unaccomplished without Finland's AfT support?

### **Connectedness**

- Is AfT a permanent element in the PRSPs or equivalent development plans of the developing countries?
- To what extent the AfT thinking has been mainstreamed into activities in other sectors in the Finnish development cooperation?
- To what extent the Finnish AfT, alone or jointly/in coordination with other development actors creates possibilities for inclusive growth and supports poverty reduction?
- Are there conceptual linkages between trade and trade-related assistance on poverty reduction and inclusive growth?

## **8 Methodology and work plan**

The evaluation shall choose a methodology, which would be most adequate to embrace various dimensions and issues related to the AfT. As the AfT usually promotes complex change processes the evaluation shall analyze interrelations and interaction between various stakeholders rather than isolated facts i.e. a systemic approach instead of theory chain approach. Especially in case of aid channeled through the UN organizations, other international organizations and EU/EC a systemic point of view is recommended i.e. for instance to which extent the aid promotes Finnish AfT objectives and creates possibilities for interaction and influence. The evaluation shall consider various influencing factors and the multi-dimensionality of the private sector and trade development. In the tender outlines for methodology and work plan shall be prepared. In the inception report a more thorough methodology and work plan shall be elaborated (see below).

The Ministry has commissioned a pre-study of the available material, which will be made available to the evaluators in the first **kick-off meeting**. The background material is partly available on a memory stick, partly as paper copies. In the kick-off meeting, issues related to the contract and the general outline of the work and tasks ahead will be discussed. There might be a possibility to have a short orientation meeting with the staff members of the Ministry, who are forming the core group around the AIT. However, only after the desk study phase a full scale round of interviews shall be conducted (see below). At this stage some additional aspects may come up even though the core group has been consulted about the TOR.

The evaluation shall proceed via four consecutive phases and it shall be carried out within 6 months' time. During the **inception phase** the initial literature review will be carried out and a more detailed work plan for the evaluation prepared. The work plan shall include also description of the division of work including working hours for each member of the team. Also the methodology, which is outlined in the tender, shall be further defined to reflect more accurately the needs of this evaluation. It shall define clearly the approach to be applied at different stages of the process, the detailed means and methods, indicators and rating used in the assessment and analyzed information plus the identification of the source. In short, an evaluation matrix is needed where evaluation questions, judgment criteria and indicators for the issues to be studied plus the source of verification are included. The matrix should not be too general or too detailed. It should be a practical tool for the tasks ahead and an ample framework for the evaluation. In this connection the first tentative draft for interview questions/issues should be drawn and possible other means to be used for carrying out the evaluation, including an initial plan of visits to partner countries and organizations/ institutions, which shall be specified later during the desk phase. However, to the extent possible the arguments and supporting reasons for proposed visits should be outlined. All the above described issues shall be included in the inception report, which will be submitted to EVA-11 for approval.

**The desk phase** is dedicated to in-depth study of the background documentation. The evaluators are not allowed to start a wider round of interviews with the stakeholders in or outside the Ministry before they have a clear picture about the contents, extent and possible limitations to the evaluation. At this stage, also the following evaluation steps will be defined, including the aforementioned interviews, field visits and visits to institutions. The interview questions and the questionnaires shall be finalized on the basis of document review and the relevant target groups/persons defined. The decision concerning the field visits and visits to organizations/institutions will be based on the proposal of the evaluators (Zambia, South Africa, Vietnam, OECD, UNIDO, UNDP Bratislava for instance may be potential targets for visits). The supporting reasons for the visits shall be included in the desk report. Also the time table shall be checked and, if need be, modified within the available time fixed for the evaluation. At the end of this phase a desk report shall be submitted to EVA-11 for approval.

The period of **interviews and field and other visits** is an important phase of the evaluation as it is supposed to facilitate the contacts with the pertinent MFA staff

members, partner country representatives and other stakeholders. Enough time should be reserved for this period so that proper interaction is possible. At the end of the country visits the evaluators shall arrange a debriefing of their observations and conclusions at the Finnish embassies, as deemed possible and beneficial. The evaluators should give a short briefing to EVA-11 on the outcome of the visits, for instance through a telephone conference supported by a power-point presentation sent in advance.

During the **final phase of the evaluation** the draft final report shall be written based on the information gathered during the desk and field phases. The conclusions and recommendations shall be evidence based, practical and focused on the subject matter of the evaluation. The draft final report will be submitted for comments by relevant stakeholders. Usually approx. two-three weeks' time is reserved for commenting the draft report. The comments will be in English and submitted to the evaluators as they are. On the basis of the comments the evaluators shall correct all identified factual errors or misunderstandings in the report. It is up to the evaluators to consider how to treat the rest of the comments they receive. It is, however, expected that the Ministry gets a response to the comments sent to the evaluators.

**A public final seminar** or a workshop will be arranged by the Ministry at the end of the final phase. The evaluators are expected to present the results of the evaluation with the help of a power-point presentation. The Ministry will take care of the arrangements and invitations. Usually EVA-11 requests a couple of commentaries from relevant partners and stakeholders. There might be also a possibility to arrange a debriefing seminar in one of the partner countries. The evaluators should consider this and make their proposals and be also available for such an event.

## **9 Time schedule**

The tentative plan is to have the tendering period during the first half of December 2010, which would make it possible to start the evaluation latest by the beginning of February 2011. The evaluation should not take longer than approximately six months. For the field mission(s) a month is reserved tentatively. The prerequisite for this is that the in-depth, careful study on the documentation will be made during the inception and desk phase – before the actual interviews.

Due to the urgency of the evaluation results, the draft final report shall be available before the **end of May** 2011. The Draft Report shall be submitted to a round of comments from the stakeholders. To allow some flexibility in accommodating all necessary steps of the evaluation, the field trips can be made in two phases. The first set of trips including the most central organizations and countries (for instance Zambia, Mozambique, Nicaragua, Brussels, Geneva, and Paris) could take place in April and be complemented with visits to other countries/organizations for validation of information later, after the submission of the draft final report. Only countries, which are considered interesting from the point of view of this evaluation, shall be visited. The selection should base on careful perusal of documentation.



The time table described above is to be obliged to and the evaluation team shall follow it strictly.

## 10 Reporting

The following reports shall be produced by the evaluators:

- 1) **Inception report**, approx. 3 weeks after signing the contract;
- 2) **Draft Desk report**, approx. one month after the approval of the Inception report;
- 3) Power-point presentation of emerging results to the embassies at the end of each visit. The summary presentation to the MFA after the field visits (for ex. sent in advance of a teleconference);
- 4) On the basis of the summary of country visits and analysis **a synopsis of main emerging issues/ a policy brief** shall be submitted together with the Draft Final Report;
- 5) **Draft Final report**, approx. one month after the field mission and the eventual other visits; the report shall include already the tentative outline of the final report;
- 6) **Final report** shall be available within two weeks after the comments on the draft final report have been sent to the evaluators. The exact time of submission of the Final report is subject to the timing of the second set of country/ organization visits;
- 7) Comprehensive power-point presentation of the results of the evaluation for the public final seminar.

The more exact timing for reporting shall be defined in the contract (the tender shall propose a tentative timing). On the decision by the Ministry the timing might be adjusted if there are sound reasons for it. That shall be documented and an amendment to the contract shall be made.

The structure of the final report shall follow the general outline of the final report as described in the Evaluation Guidelines of the Ministry (2007, Box 7). The final report shall discuss the global context for AfT and include the results of the four case studies according to the categories of the Finnish AfT Action Plan. It is expected also that the contents of the desk and field study phases are synthesized in the final report. The results i.e. the observations and conclusions of the field visits and visits to the organizations attached to the final report as separate annexes.

The Inception report as well as draft desk report and draft final report shall be sent in Word-format by e-mail to EVA-11. The accepted final report shall be sent in both word and pdf-format. The font size 11 shall be used. All the reports shall be written in English and the language must be clear and concise. It is recommended that the desk report already follows the standard Ministry writing and editing instructions for the authors, which will be made available at the onset of the evaluations. For the draft final and final report it is obligatory to strictly follow the said instructions. The Ministry pays special attention to the editing and language of the Final report as it shall be in the ready-to-print format. If the evaluators are not able to comply with this de-

mand, the Ministry will deduct 10-20% from the total budget to cover the extra costs caused for using external expertise to do the job. This issue will be stipulated in the contract.

The evaluation shall pay attention to the OECD/DAC and EU evaluation quality standards and their usefulness in checking that the reports cover all essential aspects and dimensions related to the evaluation.

### **11 Expertise required**

The evaluation team shall not include more than four persons. The team shall consist of the team leader and three members, whose expertise shall be complementary. One of the four senior experts shall have full command of oral and written Finnish as some of the material is not available in English. The Finnish team member shall have suitable expertise to understand the subject matter and to be able to network with relevant persons. The team must have both male and female members. One member must come from a developing country, preferably from one of the main partner countries of Finland, where there are AFT activities. The team may recruit also a junior Finnish expert for practical and organizational matters. This must be mentioned in the tender and the tasks and working hours defined as for the senior experts. In addition, the team can also utilize assistants during the field mission(s) for various tasks, which shall be defined already in the tender.

The expertise required for this evaluation shall have solid knowledge and experience of trade and private sector related issues and also field level experience in the developing countries (see Annex A for details).

### **12 Budget**

The total available budget for this evaluation is 300 000 Euros (excluding VAT). This sum shall not be exceeded. Out of this total sum approx. 150 000 Euros shall be reserved for the visits to the field and different organizations.

### **13 Mandate**

The evaluation team is entitled and expected to discuss any relevant matters and with persons and organizations/institutions/firms pertinent to this evaluation. However, the evaluators are not authorized to make any commitments or comments on behalf of the Government of Finland or the Ministry.

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