

## **Commentary by Civil Society at the launch event of the OECD DAC Peer review on December 13<sup>th</sup>, 2024**

Minister, Chair of OECD Development Assistance Committee, your Excellencies, members of parliament, members of Development Policy Committee, and representatives of civil society and other development practitioners,

It is a privilege and a humbling task to speak here today on behalf of the Finnish civil society. At the same time, it is also a logical continuation to the whole peer review process, as the first time in peer review history a civil society representative was officially part of the peer review team. This was an important initiative suggested by Finland and can be seen as a demonstration of transparency and trust.

The review team recognised many benefits of including a CSO representative as an observer in the team, such as gaining a broader picture of the country under review, being directed to relevant actors and background documents, and helping to place the received information into context. We wish to thank Finland for this great pioneering work and strongly recommend that this inclusive method will be encouraged and also implemented in other peer review processes.

Biggest thanks for the great CSO contribution goes to Ms. Outi Hakkarainen from Finnish Development NGOs Fingo. Outi's methods of working as an observer in the peer review team have been described as sensitive and balanced and she, together with her Fingo colleagues, made huge efforts to also include other CSO representatives in the process by collecting comprehensive amount of data for civil society assessment (available in Fingo's website) and by establishing a focus group that acted as a sounding board for the official process. Taksvärkki and Felm were actively involved in the focus group's work. We all share the feeling that participation in this process has been educational, interesting and important.

The peer review recommendations help DAC members, in this case Finland, to make the most of their development co-operation. Therefore, the recommendations should not be taken lightly.

The vice-chair of the Development Policy Committee and member of the parliament Mr. Kokko just wisely noted that for accountability, the peer reviews are the most important tools of the DAC. The assessments are based on agreed methodology and analytical framework. Peer reviews hold DAC members to account against their commitments and international standards: as noted in the report the "*peer review analyses the performance and coherence of Finland's development co-operation system in relation to its objectives*".

So how did Finland do and what should be highlighted from the report?

The report notes that "*Finland's development co-operation system has strong foundations but is going through a period of flux, with several major changes taking place simultaneously.*" During the final stages of the peer review process, Finland introduced two new reports, one for Finnish Foreign and Security Policy and another for International Economic Relations and Development Cooperation, that guide the work for the next years to come. The latter report continued to deepen the policies already grounded in the Government program. This means reallocation of resources towards Ukraine and integrating trade and development policies, including the more explicit use of development co-operation resources to support the internationalisation of Finnish companies.

Furthermore, Finland continued to reduce its development funding while the peer review process was on-going, contradicting the recommendation already made during the previous peer review in 2017. The report sees this as a risk, as well as a contradicting action of Finland's own long-term

objectives: *“the further reduction of Finland’s ODA budget is undermining its commitment to support those most in need”*. Should Finland wish to maintain its reputation as a reliable and values-based partner, Finland should concretely commit to the 0.7% and 0.2% targets as suggested in the second recommendation. The commitments can’t be achieved overnight, and thus we should have a realistic national plan for fulfilling our commitments. This can be seen as a smart choice also from the viewpoint of economy and security. Societies that respect and enhance human-rights are more stable and predictable, and such less likely to have conflicts and are more attractive and less risky to businesses. Hence, instead of arguing that we cannot afford to respect our commitments and aim for 0,7 percent target, we should be asking, can we afford not to?

Furthermore, the major changes – a paradigm shift – in Finnish development policy can have unexpected or unwanted consequences or the positive implications can be unrealistic or take long time. As the report notes, the Finnish private sector comprises predominantly small and medium-sized enterprises, particularly compared with that of other EU member states such as France, Germany and Sweden. Thus, its main contribution to sustainable development finance is unlikely to be in mobilising large amounts of private finance. The report also notes that change takes time and is unlikely to lead to significant or rapid changes in Finnish business investment in the short to medium term. It is uncertain how ready the Finnish private sector is to increase activities in developing countries, and as the report notes, DAC members’ experience also shows limited evidence of development co-operation’s ability to open trade opportunities for members’ own companies.

Furthermore, the government program introduced three conditionalities on ODA, of which have a high risk of backfiring, according to research and the peer review report. Conditionalities may feed into anti-Western Europe narratives, may make dialogue challenging, cause reputational risks and have little or no effect on immigration to host countries, which challenges the efficiency of such policies.

Hence, very bluntly put: if you are shaking the tree, you better know what fruit will fall. Finland has a lot to lose: Finland has convening power in the multilateral system beyond its size and consistent and coherent international influencing and development co-operation priorities have enabled this, bringing further credibility to Finland’s efforts. The coherent and consistent approach has included gender equality, human rights and a human rights-based approach, as well as the target to reaching those furthest behind. These themes are also in the core of the work of the Finnish civil society.

The foundation of Finland’s development policy should be in overall policy coherence and long-term commitment, which is also reflected in this peer review report and its recommendations, particularly the first recommendation. This means that there should be clear, far-reaching goals for development policy which unfortunately are not currently present in the documents guiding the Finnish development policy. However, we wish to thank the Minister for his speech in the partnership forum a bit over a week ago that underlined that despite the changes made in development policy and finance, there is also continuity in Finnish development and foreign policy. Finland stands by the values it holds dear. Finland is committed to implement Agenda2030, of which the first goal is to eradicate poverty.

A human rights-based approach and gender equality are clear areas where Finland has had global reach and impact over the review period, by effectively and consistently aligning its engagement with these values. Finland’s good reputation in these and other areas has also been linked to the skills and expertise of its public servants, enabling Finland to build trust and dialogue.

We are concerned about the shrinking space for civil society globally, and even in Finland. As the report demonstrates, this has been partly experienced in the development policy context as well. Due to the funding cuts this year, several Finnish CSOs have had to undergo change negotiations, and some are closing their professional operations for good. The cuts made to development communications and global education will have severe consequences to many organisations, but more importantly to the Finnish society on a larger scale, including children and youth, that benefit from awareness raising.

Thus, we emphasise the importance of the fifth recommendation that concerns maintaining high public support for international development engagement and co-operation. Only by partnering with diverse civil society actors, maintaining and promoting transparency, and securing adequate resources for development communication, advocacy and raising awareness among Finns.

Finally, I wish to congratulate the peer review team for their excellent work and offering Finland and Finnish development actors more broadly a tool to improve the accountability of development policy and steer it towards a more effective, evidence-based, and human rights-based direction. The recommendations offer support for Finland in this task. Perhaps the recommendations also widen the approach from a zero-sum game, towards a more nuanced approach that allows to place both Finnish commercial interests and traditional ODA at the forefront of Finland's development policy in a human rights-based manner. Perhaps this would also bring back the hope in development which somewhat has been missing from the sector. *"Hope expands us, it connects us, it moves us out of withdrawal into engagement, out of isolation into relationship. When we're in a hopeful place, we find energy and courage to act."*

Finnish CSOs continue to be very much committed to promoting Finnish development cooperation, acting as implementers, public communicators, and critical friends.

Thank you.