



*Jotta elämä olisi reilumpaa.  
Ihan kaikkialla.*

# Comments on Evaluation of Finland's International Climate Finance

IN, Fingo 31.10.2023

# Themes

- 1) Starting points
- 2) Remarks
- 3) Questions and critical remarks
- 4) Ideas for key words for the (possible) CF strategy

# Starting points (1/2)

The aim of Finnish climate funding should be clear:

To ensure, that **Finland efficiently bears at least its fair contribution to the implementation of the evolving international climate agreements**, notably to the implementation of the Paris Climate Agreement

Ensuring the **efficiency of the funding** means selection of the most effective:

- Objects
- Means and actors
- Timings
- Indicators
- Supplemented by clear, transparent reporting

# Starting points (2/2)

In many cases, afore mentioned principles are met when Finland aligns CF with:

- **Aims in development cooperation** – especially regarding LDC and SIDS countries
- **Climate objects of developing countries** (especially LDCs and SIDS)
- **Promotion of human rights** – such as gender equality, rights of disabled persons, rights of indigenous people

# Remarks on the need for a strategy

- The evaluation encourages Finland to develop a **clearer strategy** for the CF.  
→ **This seems well justified**
- Implementation of the recommendations would enhance the **possibilities to report** on efficiency of the Finnish climate funding.  
→ **Reporting should be developed** integrated to the implementation of the recommendations
- Recommendations **are mostly in line with other reports**, such as National Audit Office of Finland (NAOF)

E.g.: In 2021 NAOF stated in its report on Finnish CF: “the ministry [of Foreign Affairs] lacks a public plan on how to allocate the growing funding and what it specifically wants to achieve. It is also difficult to get an overall picture of the effectiveness of the funding so far.”

# Remarks on scenarios

Scenario 1: **Multilateral focus**

Scenario 2: **Thematic specialisation**

Scenario 3: **Finnish Interests**

Scenario 4: **Country outcomes**

Four scenarios presented in the evaluation are interesting and clarify the political discussion.

**But are they rather dimensions of the financing?**

- Scenarios 4 and 2 are clearly something Finland should pursue
- Scenario 1 can be seen as a tool to reach 4 & 2
- Scenario 3 can be seen as positive side-effect of it all (and to an extent, as a tool for 4 & 2).

# Questions and critical remarks

- Evaluation maps out some key processes in the CF in the future, but leaves out some critical issues, such as **lining other financial flows than CF with Paris agreement.**
- **The connection between climate diplomacy and CF** could have been reviewed in more detail. Funding should support diplomacy goals. It is difficult to assess the funding support, because the goals of climate diplomacy have not really been publicly communicated.
- The report states that more than 50% of Finnish CF are loans. But **from the perspective of a low income-level country amount of loans is presumably higher**, because many multi-stakeholder banks that Finland funds uses loans, not grants as their financing instrument.

# Questions and critical remarks

- The evaluation emphasises the need for ‘telling the story’ of Finland’s climate finance” Isn’t effectiveness more important than a story? **What is the value of a ‘story’?**
- The evaluation **is slightly vague regarding question of efficiency:** on the other hand, it states that Finnish CF is efficient; on the other hand, all the recommendations underline the need for enhanced efficiency.

## **Recommendations:**

- 1) Develop a clearer strategy,
- 2) Strengthen Paris Alignment and mainstreaming approaches
- 3) Enhance Finnish added-value,
- 4) Promote more integrated programming,
- 5) Enhance international influencing,
- 6) Increase focus on narrative and results,
- 7) Align resources with strategic ambition



# Some key words for the (possible) climate financing strategy

- **Implementation of the Paris Agreement** and the evolving international climate agreements
- Utilisation of **Finland's strengths**
- **Support for the most vulnerable communities**, such as LDCs and SIDS
- All eyes on **efficient** use of funds
- **Leverage** can be caused not only through business-logic, but also using knowledge, insights and (voluntary) work of local communities and CSOs
- **Aligning human rights** with CF and climate action
- Fair and justified **balance between compensation of loss and damage, adaption measures and mitigation** measures
- **Involvement of all relevant stakeholders**, with special focus on vulnerable communities
- **Additionality**: CF should not hinder other development funding



# Thank you!

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# Notable excerpts from the report

- “Instruments oriented towards institutional cooperation and civil society participation have been particularly successful”
- “It has been more challenging to engage the private sector in climate finance interventions due to a lack of scale, interest and perceived opportunity costs.”
- “While significant, Finland’s climate finance is nonetheless estimated to fall short of its fair share, based on the size of the country’s economy, population, and historic emissions.”
- “The MFA has also yet to fully internalise the major shift towards Paris Alignment, with a much more proactive approach required to mainstreaming of climate change into all development cooperation required. “
- “From an implementation perspective, the evaluation finds that the MFA and its implementing partners have demonstrated good oversight and management of the portfolio”
- “Finland primarily achieves [a wide range of] results through ‘buying a share’ of results in larger multilateral interventions “
- “Finland has been successful at influencing multilaterals, particularly on climate-development linkages such as gender and human rights.”