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Participation of Finnish Public Sector Institutions in the Implementation of Development Policy and Cooperation

Opportunities and challenges

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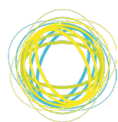
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Participation of Finnish Public Sector Institutions in the Implementation of Development Policy and Cooperation: Opportunities and challenges

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Abstract

This study provides an analytical overview of the role and involvement of Finnish public sector institutions in development policy and cooperation, as well as a strategic assessment of the opportunities and challenges that enable or restrict stronger participation in development cooperation and policymaking of Finnish institutions. This study was conducted between September 2022 and March 2023 by Frisky & Anjoy Oy together with affiliated researchers and development policy experts.

This report is structured according to the three consecutive parts in which the study was conducted. The study presents a mapping exercise of key actors, regions and sectors, followed by an analysis of the current state of PSE in Finland based on key-informant interviews. Lastly, the study involved a strategic future-oriented analysis to which added data was generated through a stakeholder workshop and a survey. Together with the study's steering committee, the scope of the study was limited to ICI, Twinning- or TAIEX-related PSE-activity between 2017–2021. While the study is not a performance or impact evaluation of such initiatives, it aims to provide an overview of the key components that relate to the use of public sector expertise and the involvement of public agencies in Finnish development policy. As such, this study outlines five key points to take into consideration when developing future PSE activities in Finland.

Provision

This study was commissioned as part of UniPID Development Policy Studies (UniPID DPS), funded by the Ministry for Foreign Affairs of Finland (MFA) and managed by the Finnish University Partnership for International Development (UniPID). UniPID is a network of Finnish universities established to strengthen the global responsibility and collaboration of universities with partners from the Global South, in support of sustainable development. The UniPID DPS instrument strengthens knowledge-based development policy by identifying the most suitable available researchers to respond to the timely knowledge needs of the MFA and by facilitating a framework for dialogue between researchers and ministry officials. The content of this study does not reflect the official opinion of the Ministry for Foreign Affairs of Finland. The responsibility for the information and views expressed in the study lies entirely with the authors.

Keywords public sector, government agencies, development cooperation, development policy, strategy work, systems thinking, EU

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Julkisen sektorin rooli ja osallisuus kehitysyhteistyössä: Mahdollisuudet ja haasteet

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Julkaisija Ulkoministeriö

Tekijä/t Petri Uusikylä, Aleksis Oreschnikoff, Senja Väättäinen-Chimpuku & Arnaldo Pellini
Toimittaja/t Petri Uusikylä & Aleksis Oreschnikoff
Yhteisötekijä Frisky & Anjoy Oy
Kieli englanti **Sivumäärä** 49

Tiivistelmä

Tämä selvitys antaa analyttisen yleiskatsauksen Suomen julkisten instituutioiden roolista ja osallistumisesta kehityspoliitikassa ja kehitysyhteistyössä. Selvitys esittää myös strategisen arvion mahdollisuuksista ja haasteista, joita liittyy julkisten toimijoiden vahvempaan osallistumiseen kehitysyhteistyössä. Työn toteutti syyskuun 2022 ja maaliskuun 2023 välisenä aikana Frisky & Anjoy Oy:n johtama tutkimusryhmä.

Hankkeen loppuraportti on laadittu selvityksen kolmen osion mukaisesti. Ensimmäiseksi raportissa esitetään avaintoimijat sekä maantieteelliset alueet ja sektorit, minkä jälkeen julkisten toimijoiden osallisuutta ja julkisen osaamisen tai tiedon hyödyntämistä tarkasteltiin asiantuntijahaastattelujen avulla. Lopuksi tutkimukseen sisältyi strateginen tulevaisuuteen suuntautunut analyysi, johon tuotettiin lisätietoa työpajan ja kyselyn avulla. Yhdessä selvityksen ohjausryhmän kanssa selvitys rajattiin IKI-, Twinning- tai TAEX-instrumenttien kautta tehtyyn toimintaan vuosina 2017–2021. Selvitys ei ole suoranaisten vaikuttavuus- tai vaikutusarviointi, mutta tarjoaa yleiskatsauksen julkisen sektorin rooliin ja julkisen asiantuntemuksen käyttöön kehitysyhteistyössä. Selvityksen tulosten pohjalta tässä raportissa hahmotellaan viisi huomioonotettavaa pääkohtaa, joiden avulla julkisen sektorin osallisuutta kehityspoliitikassa voidaan tulevaisuudessa kehittää.

Klausuuli

Tämä raportti on osa ulkoministeriön rahoittamia ja UniPID-verkoston hallinnoimia kehityspoliittisia selvityksiä (UniPID Development Policy Studies). Finnish University Partnership for International Development, UniPID, on suomalaisten yliopistojen verkosto, joka edistää yliopistojen globaalivastuuta ja yhteistyötä globaalin etelän kumppanien kanssa kestävästä kehityksen saralla. Kehityspoliittinen selvitysyhteistyö vahvistaa kehityspoliitiikan tietoperustaisuutta. UniPID identifioi sopivia tutkijoita vastaamaan ulkoministeriön ajankohtaisiin tiedontarpeisiin ja järjestää edellytykset tutkijoiden ja ministeriön virkahenkilöiden väliselle dialogille. Tämän raportin sisältö ei edusta ulkoministeriön virallista kantaa. Vastuu raportissa esitetystä tiedosta ja näkökulmista on raportin laatijoilla.

Asiasanat julkinen sektori, virastot, kehitysyhteistyö, kehityspoliitikka, strategiatyö, systeemiajattelu, EU

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Den offentliga sektorns roll och deltagande i utvecklingssamarbetet: Möjligheter och utmaningar

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Referat

Denna studie ger en analytisk översikt över finländska offentliga institutioners roll och engagemang i utvecklingspolitik och utvecklingssamarbete. Dessutom ger studien en strategisk bedömning av de möjligheter och utmaningar som möjliggör eller begränsar finländska institutioners starkare deltagande i utvecklingssamarbete och policyskapande. Arbetet genomfördes mellan september 2022 och mars 2023 av Frisky & Anjoy Oy tillsammans med anslutna forskare och experter inom utvecklingspolitik.

Rapporten är upplagd efter de tre på varandra följande delarna i vilka studien genomfördes. Rapporten presenterar en kartläggning av nyckelaktörer, regioner och sektorer, följt av en analys av det aktuella läget för PSE i Finland baserat på intervjuer med nycklexperter. Slutligen omfattade studien en strategisk framtidsorienterad analys till vilken ytterligare data genererades genom en workshop och en undersökning. Tillsammans med studiens styrkommitté begränsades studiens omfattning till ICI-, Twinning- eller TAIEX-relaterad PSE-aktivitet mellan 2017-2021. Även om studien inte är en prestations- eller effektutvärdering av sådana initiativ, syftar den till att ge en översikt över de komponenter som är kopplade till användningen av den offentliga sektorns expertis och offentliga myndigheters engagemang i Finlands utvecklingspolitik. Som sådan beskriver denna rapport fem nyckeldimensioner att ta hänsyn till när man utvecklar framtida PSE-aktiviteter i Finland.

Klausul

Denna rapport är beställd som en del av UniPID Development Policy Studies (UniPID DPS), finansierad av Finlands Utrikesministerium (MFA), och hanterad av Finnish University Partnership for International Development (UniPID). UniPID är ett nätverk av finska universitet som etablerats för att stärka universitetens globala ansvar och samarbete med partner från det södra halvklotet, till stöd för en hållbar utveckling. UniPID DPS-verktyget stärker en kunskapsbaserad utvecklingspolicy genom att identifiera de mest lämpliga, tillgängliga forskarna för att svara på utrikesministeriets kunskapsbehov i rätt tid och att underlätta ett ramverk för en dialog mellan forskare och departementstjänstemän. Innehållet i denna rapport återspeglar inte Finlands utrikesministeriums officiella uppfattning. Ansvar för informationen och åsikterna i rapporten ligger helt på författarna.

Nyckelord

offentliga sektorn, ämbetsverk, utvecklingssamarbete, utvecklingspolitik, strategiarbete, systemtänkande, EU

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FOREWORD

Finland's public sector includes several government agencies that have specialised knowledge in their own fields of expertise as well administrative functions to serve Finnish society. These agencies are also engaged in extensive international cooperation. For example, the Finnish Meteorological Institute and Statistics Finland have globally acknowledged expertise that is shared through international networks. This study explores some aspects of the international cooperation of these agencies.

The study focuses on two elements of international cooperation. First, Twinning and Taix cooperation, which is funded by the EU and which serves the EU's enlargement and neighbourhood policy through capacity building offered by government agencies and officers of EU countries. Recently, Twinning has been expanded to countries and territories covered by DG INTPA. Second, Institutional Cooperation Instrument (ICI), which is the financing instrument regarding Finnish development cooperation that specialises on capacity building offered by Finnish government agencies to their sister agencies in developing countries.

This study was commissioned by the Ministry for Foreign Affairs of Finland, and it was conducted by an independent team of experts. The views and opinion expressed in this study are exclusively the views the team. The study analyses the merits of these financing instruments for the benefit of the target countries, but also for the benefit of Finnish government agencies. The study includes some observations on similar financing arrangements in Sweden and Norway. Finally, the study makes several innovative or explorative proposals on how to develop financing using a systemic approach.

The Ministry for Foreign Affairs has always found it extremely important to work closely with other Finnish ministries and agencies. From the perspective of the MFA, it has been very fruitful to join hands with the high calibre experts of other ministries and agencies within the sphere of international cooperation.

I hope this study provides readers in Finland and elsewhere with inspiration in their own work.

Juha Savolainen, Deputy Director-General, Department for Development Policy, Ministry for Foreign Affairs of Finland
March 2023

1 Introduction

Public sector expertise (PSE) in development policy is a form of international technical cooperation that mobilises expertise from public institutions, such as agencies or research organisations, to help reach development objectives. PSE also promotes sustainable and inclusive development policies through peer-to-peer knowledge exchange and institutional partnerships with partner countries. Many EU member states share an interest in making PSE more prominent in the EU's external action.

Peer-to-peer knowledge exchange between public sector actors in Finland is currently implemented through national and EU-level instruments. There is increasing interest in strengthened coordination, exploring potential synergies, and enhancing knowledge exchange within the EU, both on the political level and among experts. It is crucial to raise awareness of the strategic potential of PSE. It is therefore relevant also for Finland to build a better understanding of the engagement Finnish public institutions in reaching and contributing to development policy objectives. It is important to create a comprehensive understanding of key actors, their roles and contribution, as well as their incentives and motivations so that future potential and opportunities relating to the use of PSE can be realised.

This study provides an analytical overview of the role and involvement of Finnish public sector institutions in development policy and cooperation. Reviewing such engagement includes analyses of the institutions contribution and perceived added value to advancing Finnish development policy objectives and priorities, particularly Agenda 2030 and the Paris Agreement targets. This study also provides a strategic assessment of the opportunities and challenges that enable or restrict the stronger participation of Finnish institutions in development cooperation and policymaking. The study was commissioned by the Ministry for Foreign Affairs of Finland (MFA) and coordinated by the Finnish University Partnership for International Development (UniPID). The work was conducted between September 2022 and March 2023 by Frisky & Anjoy Oy, a private think tank and specialised public sector consultancy, together with affiliated researchers and development policy experts.

The study was conducted in three consecutive parts: a mapping exercise, an analysis of the current state of PSE in Finland, followed by a strategic future-oriented analysis. Although a comprehensive view of PSE in Finnish development policy was taken, it was

necessary to limit the study's empirical scope for appropriate data collection. Together with the study's steering group¹, the scope of the study was defined to only include ICI, Twinning- or TAIEX-related PSE-activity between 2017–2021. However, as this study is not an evaluation of such initiatives, it does not consider the policy-related impact or evaluate the effectiveness of selected initiatives. The aim of the study is to provide a broad overview of the key components that relate to the use PSE in ICI, Twinning- and TAIEX-funded initiatives and, as such, generates initial recommendations on how to possibly enhance PSE's strategic use. It does not take into account the perspectives or views of partner countries or local agencies in partner countries. The concluding section of the study presents identified knowledge gaps and presents suggestions for later in-depth studies for using PSE in Finnish development policy.

1 The steering group comprised of MFA officials, representatives from Unipid and the research team.

2 Background and context

2.1 PSE in EU development policy and cooperation

In November 2021, the Council of the European Union gave its approval to the Conclusions on the Role of European Public Sector Expertise in EU External Action. Mobilising European PSE is seen as a demand-driven, tailored, flexible, efficient and cost-effective way to build capacity in the public sector and promote reform processes in partner countries, based on their needs, priorities and inclusive ownership. On the EU-level, PSE is tied to several financial instruments that have particular relevance to the PSE activities of member states. NDICI-Global Europe, which entered into force on 14 June 2021,² is the main financial instrument for the EU's external action, and is of ever greater importance in the light of the heavy economic and social impact of the COVID-19 pandemic. With an overall allocation of €79.5 billion at current prices, for 2021–2027, representing an increase of over 10% compared to the previous budgetary cycle, the instrument will cover cooperation with all third countries.

Global Europe merged 10 instruments from the previous budgetary cycle (2014–2020) into one comprehensive instrument with particular strategic significance. It is implemented to reflect the five priority areas for the European Commission's work on international partnerships: 1) Green Deals, 2) Science, Technology and Innovation, 3) Alliances for Sustainable Growth and Development, 4) Migration Partnerships and 5) Governance, Peace and Security, Human Development.³ Global Europe enables a solid budget for external action and international impact, while taking into account required institutional synergies (e.g. between different directorates, EU delegations and member states) and current geopolitical challenges.

Furthermore, the European Commission has established Global Gateway, a new European plan to increase smart, sustainable and secure connections in the digital, energy, and transportation sectors, and to strengthen the global health, education and

2 European Union External Action, "The new 'NDICI – Global Europe' (2021–2027)", Strategic Communications, 17.03.2022, https://www.eeas.europa.eu/eeas/new-%E2%80%98ndici-global-europe%E2%80%99-2021-2027_en

3 Ibid.

research systems.⁴ It aims to have an impact globally through sustainable projects by taking into consideration the needs of partner countries. Ultimately, Global Gateway is the EU's contribution to narrowing the global investment gap. The European model of a trustworthy connection in partner nations is sustainable and consistent with the EU's objectives and values: the rule of law, human rights and international norms and standards.

The EU conducted a two-phase study between 2019 and 2021 on mobilising PSE for European development. The first phase mapped the practices, structures and key components of PSE in the implementation of development policy of member states.⁵ The second phase then used insights from the first phase to examine the added value of European PSE, the factors that motivate and enable member states to use PSE and the overall strategic potential of PSE under NDICI.⁶

From the EU's perspective, the value of PSE is in its capacity to build international partnerships while promoting EU policies, values and interests abroad in addition to supporting policy dialogue and reform.⁷ There is an apparent lack of political interest among member states to make full use of the potential in operationalising PSE in EU-wide development policy efforts. Currently, more research into the potential of PSE is needed to build evidence on its contribution to reaching development objectives. However, in order to build both political backing and investment in research, member states and the EU should focus on raising awareness of PSE as a potential tool for reaching policy targets. Common guidance and increased dialogue among member states and the relevant EU institutions could help clarify and define PSE as an adaptable context-specific, strategic and demand-driven approach to development cooperation.⁸

Examining the current state and potential of PSE in Finnish development policy and cooperation also has significant relevance to EU-level policy action. The provision of expertise from the public sector is an area in which the EU contributes with specific added value anchored in robust European models of public policy. Additionally, it is

4 European Commission, "Global Gateway", https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/stronger-europe-world/global-gateway_en#principles-of-the-global-gateway.

5 Schneider, E. and Illan, C., "Study on the EU and its Member States mobilizing Public Sector Expertise for Development. Phase 1 – Mapping: Quantitative results and key findings from EU Member States," DAI Brussels, DECOM/2019/412-138.

6 Di Ciommo, M. and Sergejeff, K., "Study on the EU and its Member States mobilising Public Sector Expertise for Development: Analysis Paper," ECDPM, June, 2021.

7 Ibid, p. iv.

8 Ibid, p. 24.

worth recognising that other Nordic countries are also investigating potential avenues for developing PSE both nationally and in line with models of Nordic cooperation. As such, this study will shed light on the policy potential relevant to both EU- and Nordic-level actions.⁹

2.2 Relevance for Finland

The Earth's problems are global and there are currently multiple national or regional approaches to addressing them. Finding long-term solutions necessitates extensive public sector collaboration on a global scale. The Finnish public sector is often regarded as having strong administrative capabilities and high-quality public governance. Finland has a high level of trust in the functioning of public institutions, as well as low levels of corruption and efficient and well-managed decision-making processes. Furthermore, in Finland, respect for the rule of law is an essential component of the democratic system. These factors have contributed to Finnish public sector representatives being sought-after experts in international public sector development projects.

Future governance and public leadership must be agile and able to adapt to complex challenges. Old and rigid management models and best practices will not be sufficient to achieve success in public sector management because of the pervasiveness of new, systemic governance challenges. Such challenges can exert particular pressure on governance and administration while being so pervasive that in some countries they go beyond the capacities of existing public service structures or delivery. As such, even state failure may in some cases be triggered by these emergent, radical changes.

Development policy is an integral part of Finland's foreign and security policy. Through development policy, Finland strengthens the position of developing countries on a long-term basis, assists in resolving global problems and takes an active part in international cooperation. Finland's development policy objectives have historically included a commitment to the public sector. Good governance, strengthening democracy, respecting the rights of minorities and upholding the rule of law all provide a solid foundation for the effective implementation of other policies.

It is important to recognise that functioning development cooperation is interactive. By assisting the public sector in developing nations and participating in global PSE networks, Finland gains new ideas and operational models for the improvement of its

⁹ Chapter 2.3. on page 11 will summarise key points from the interviews conducted with representatives from Sida (Sweden) and Norad (Norway).

own public administration. In evaluating Finland's Twinning activity,¹⁰ it was determined that participation in international administrative development projects strengthened the skills and abilities of Finnish civil servants and provided them with a European and global perspective on the development of public administration. The networks established during the course of these projects proved to be extremely valuable in subsequent working groups tasked with drafting EU policy.

2.3 Experiences from Norway and Sweden

In this study, the research team conducted interviews with representatives from the Norwegian development agency Norad and the Swedish counterpart Sida. The individual interviews focused on the ways in which PSE is utilised in Norwegian and Swedish development cooperation, but also how administrative, financing and other governance-related areas are managed. The interviews provided initial accounts of the ways in which PSE activities are organised in Sweden and Norway, and the areas in which future cooperation between Nordic agencies and ministries could take place. This chapter summarises key insights from the interviews, while the report's concluding chapters (in section 5) explore possible avenues for enhanced Nordic cooperation in PSE-related activities.

Interviews with Norad and Sida highlighted administrative, attitudinal and time-related challenges that can negatively affect the ability of agency officials to fully comprehend local political, economic and social conditions in partner countries. Therefore, PSE-related cooperation tends to focus on technical input and running projects according to preapproved plans. This, however, reduces opportunities for these initiatives to identify local problems in dialogue with local partners and design technically and politically feasible solutions to be tested collaboratively.

The interviews with Norad and Sida have highlighted two main points regarding added value to their government development priorities. The first is that agencies are seen to complement the thematic or country-level programmes through administrative and capacity-building approaches. Agencies are thus part of bigger portfolios encompassing also other development actors from research, private sector and civil society. Secondly, agencies provide readily available, high-quality and cost-effective expertise. For example, Norad is currently planning to clearly increase the involvement of agency expertise within development cooperation.

10 Uusikylä, Petri & Tervo, Matti (2013). Suomenlahdelta Euroopan laidoille Kokemuksia Suomen Twinning-hankkeista vuosina 1998-2012. Ulkoasiainministeriö EU:n laajentumisen ja Länsi-Balkanin yksikkö Twinning-tiimi, tammikuu 2013.

Norway

Public sector expertise in Norwegian development policy: Norad

Norad manages a Knowledge Bank created in 2018 to coordinate and strengthen the participation of public institutions in development cooperation. The following key features of the management of the public sector expertise in Norway can provide examples of opportunities for the management of Finnish PSE in the development policy and cooperation:

1. The underlying idea is to share Norwegian expertise and experiences from public management.
2. Sharing expertise and experiences in good governance, or mobilising resources for sustainable development, requires long-term cooperation and a mutually beneficial relationship with partner institutions.
3. Expertise provided by public institutions in development cooperation is channelled through thematic programmes. In each programme, other actors (e.g. research, multilateral or civil society cooperation) supplement the Norwegian public institutions to enable a broader knowledge base and actors with different mandates and roles.
4. There are arenas for strategic and thematic dialogue (sharing best practices, etc.) between public institutions and relevant steering ministries. Promoting dialogue is seen as enhancing learning and cooperation.
5. PSE is seen as a cost-efficient alternative to consultants as funding is only needed to cover immediate costs. Agencies' services are procured by Norad to provide technical assistance in development cooperation.
6. Norad is in the process of developing simpler management procedures, including reduced requirements for reporting. The focus will shift to third- and fifth-year reporting of results.
7. Norad emphasises contextual understanding and cultural sensitivity when engaging public sector actors in development policy. Norad recognises the need for added training in these topics and looks for collaboration opportunities with partners like Finland.

Sweden

Public sector expertise in Swedish development policy: Sida

Sida has collaborated with public institutions since 1980. Currently, there are 200 agreements between Sida and public sector actors, including some research organisations. The management of the work is coordinated through the Public Agency Cooperation (PAC) hub. Some of the key features of the work can be of interest when strengthening Finnish PSE:

1. The PAC hub has over 200 agreements with public sector actors, including research organisations. The agreements support long-term cooperation (approx. 15 years) between Swedish and partner country institutions.
2. Sida appoints an official to function as the contact point for each agency it collaborates with. Annual reviews are conducted together between Sida and the agency.
3. Sida will balance costs for sending experts to the partner country if EU funding does not reach Swedish budgeting levels.
4. An agency has to be included in the relevant country strategy in order to receive funding for cooperation activities. Embassies and representations abroad have a role in deciding on the relevance of the work of agencies. Embassies and representations act as coordinating points for agencies.
5. There is a shift in Sida from using consultants to using the expertise of public sector institutions in development cooperation programmes and projects.
6. Digital tools are used to build a community of practice for agencies. The agencies already run their own network that holds annual meetings with Sida.

3 Methodology and data

The study was completed in three phases between September 2022 and March 2023. The phases are interlinked and together contribute to the overall research findings, even though they involve tailored and specific methods data collection and analysis. As a multi-method study the aim is to produce policy-relevant insight for development policy professionals mainly within the Finnish MFA and in key agencies and institutions implementing development policy. By combining a mapping exercise with descriptive and strategic analyses the study aims to open up avenues for stronger agency engagement in development policy. This section provides an overview of the study's methodology and analytical process. The mapping exercise and descriptive and strategic analyses are presented in chapter 4.

Phase 1

During the first phase of the study key public sector institutions and actors were identified on the basis of criteria derived from relevant financing and policy instruments. The mapping exercise was based on a systematic literature review and two targeted interviews with officials acting in oversight capacity. The first phase produced a broad overview of how Finnish public sector institutions and major development instruments align and identified the most prevalent policy targets (including human rights, reducing inequalities, "Leaving No One Behind", gender equality, low-emissions development, Agenda 2030, Paris Agreement).

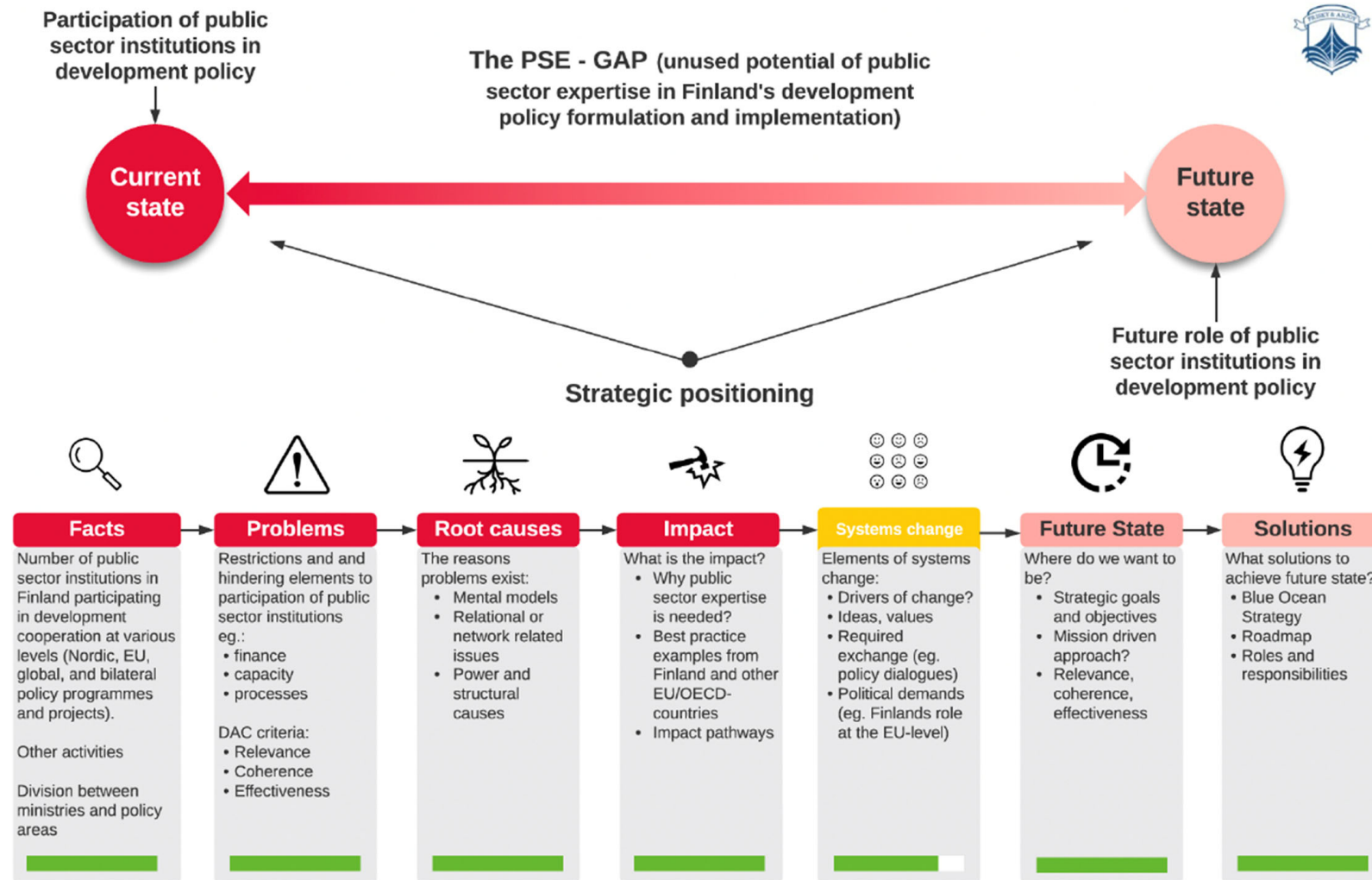
Phase 2

The second phase of the study focused on examining the involvement of key public sector actors in development policy in more detail. Nine in-depth interviews with key officials, including representatives from Norad and Sida, and a key stakeholder workshop were used for collecting qualitative data that was then analysed to gain insight concerning the challenges, contributions and value-added of Finnish public sector expertise in development policy. The analysis identified various dimensions, including practices, policy cohesion and interaction, which influence the abilities and capacities of public sector actors in development cooperation.

Phase 3

During phase 3 a specialised survey on the future of PSE in Finnish development policy was sent out to key development policy professionals in government, administration and the private and third sectors. The survey complemented data collected through interviews and the workshop, thus allowing for a holistic analysis combining both a description of the current state of affairs as well as possible pathways to future public sector engagement.

Figure 1. The GAP analysis framework used to examine possible factors that enable pathways to a future state of affairs.



The GAP framework provided a theoretical perspective for the study and helped to structure the research process. Primarily, this meant that the study focused on understanding the current state of PSE in development cooperation (facts, problems, root causes), followed by an analysis of future potential (future state, solutions). The collected data corpus (statistical data, interviews, workshop and survey) was analysed to examine how public sector actors contribute and add value to development policy. The analysis also allowed the research team to identify some key strengths and weaknesses of PSE in Finnish development policy as well as the areas for development of PSE in the future.

4 Analysis: PSE in Finnish development policy

This chapter explores the current state of PSE in Finnish development policy. The analysis draws on the mapping exercise based on quantitative data, as well as the interviews conducted with key officials, a stakeholder workshop, and a survey distributed to key development policy professionals in Finland. Chapter 4.1. covers the examination of statistical data (mapping exercise), while chapter 4.2. provides added detail on the contributions and perceived value added of PSE in development policy and cooperation. Chapter 4.3. provides interpretations of the key challenges and opportunities in the use of PSE in Finland.

4.1 Key actors, regions and sectors

Categorising the data on the ICI, Twinning and TAIEX initiatives has made it possible to identify the key actors, regions and sectors relevant to PSE in Finnish development cooperation. The research team identified the most active public sector actors or agencies, the regions with the most implemented projects and the most prevalent sectors or thematic areas for cooperation.

We have organised the data on initiatives funded under the different instruments into two spreadsheets: one spreadsheet combines the information on the ICI and Twinning initiatives, and the other spreadsheet is dedicated to TAIEX. The ICI dataset has been created from the annual reports composed by the ICI framework contractor Niras. The data for Twinning and TAIEX was received from the MFA desk officers.

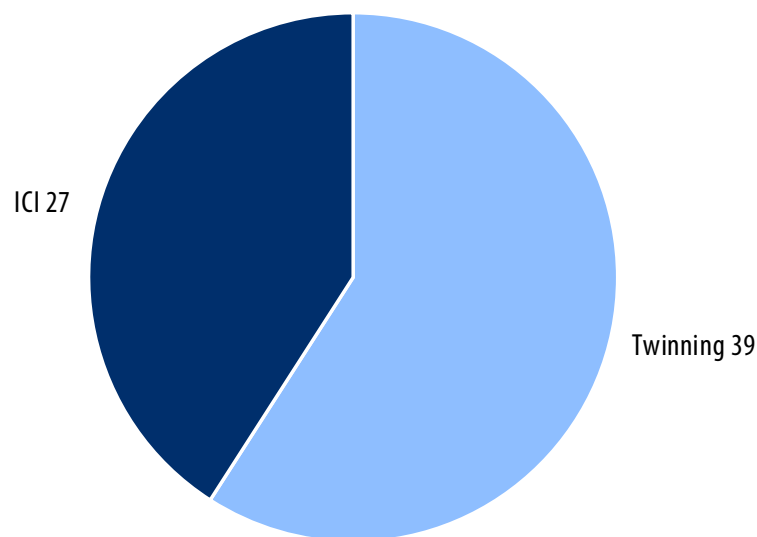
The ICI and Twinning records that were studied started in 2017–2018, and the dataset includes 66 initiatives. Some initiatives have ended and some are still being implemented. However, the dataset is incomplete and has some information gaps. This did not prevent the analysis, but in some instances, which are stated in the analysis, the team had to make estimates using less than 66 initiatives.

The TAIEX spreadsheet initiatives includes 1,006 events/activities recorded between 2 November 2005 and 28 January 2021. For this study, the team selected the records between 2017 and 2021 to maintain consistency with the timeframe of the ICI and Twinning initiatives. The charts presented in this section of the report refer to 463 TAIEX records.

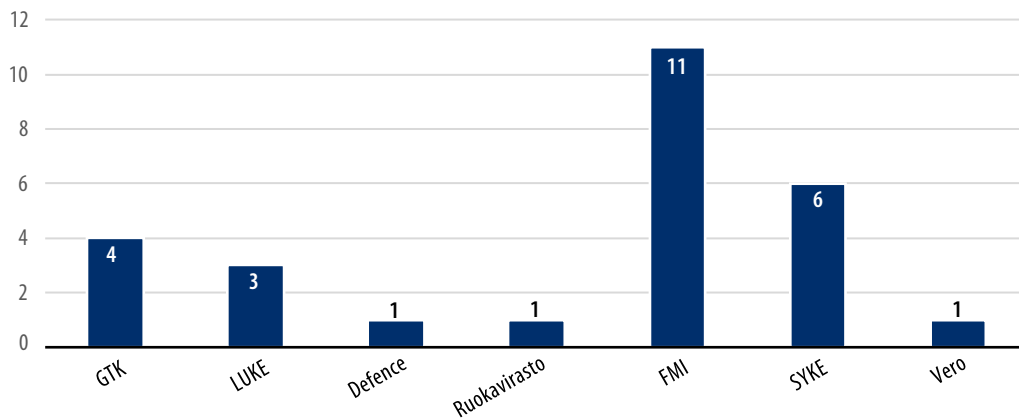
The TAIEX dataset is more complete than the dataset for the ICI and Twinning initiatives. However, the research team noticed typos linked to manual entries and some gaps in the tagging of the types of activities that had to be filled to help the analysis.

Out of the 66 ICI and Twinning initiatives that have been recorded, 27 refer to the former and 39 to the latter (Figure 2).

Figure 2. Distribution of ICI and Twinning initiatives (n=66).

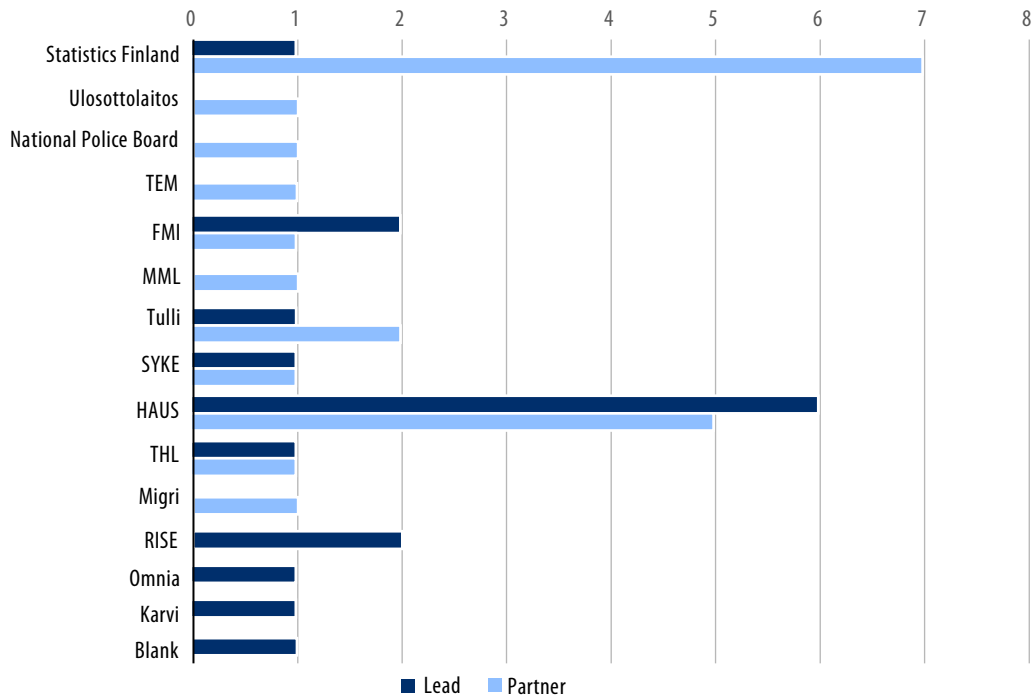


Different organisations have designed and led ICI initiatives. Figure 3 shows that FMI, SYKE and GTK are the three organisations that have engaged the most with cooperation instruments. FMI has implemented 11 projects, SYKE six and GTK four.

Figure 3. Finnish organisations having led an ICI initiative (n=27).

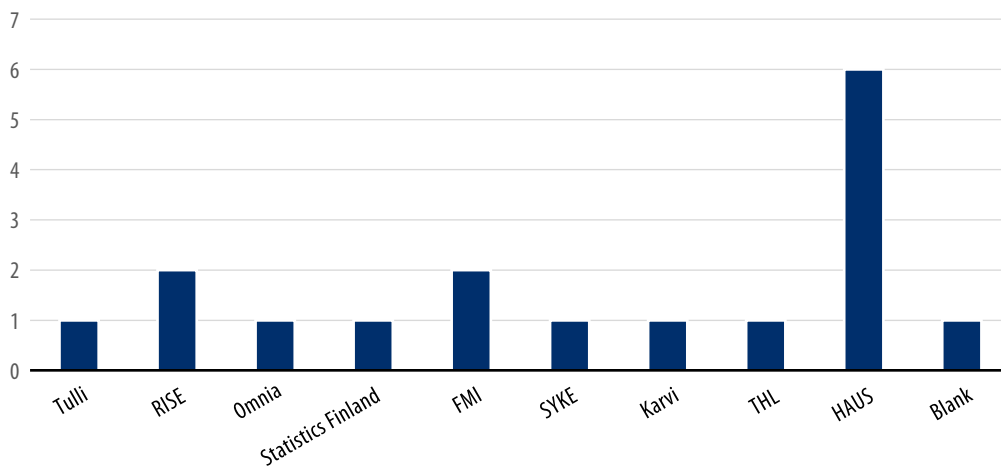
Twinning initiatives can have Finnish organisations in the lead and/or as a partner. In Figure 4 below, we show the number of projects when a Finnish organisation has been the lead or a project partner between 2017 and 2021. HAUS is the organisation that has been involved most in Twinning initiatives. It has done so mainly as a lead organisation (six projects) and a project partner (five projects). Statistics Finland has eight projects, and FMI and Tulli, with a total of three, respectively, are the organisations most involved in Twinning projects.

Figure 4. The number of Twinning projects involving Finnish agencies as lead or as a partner (n=39).



Finnish organisations have led a Twinning initiative 17 times out of 39 initiatives between 2017 and 2021 (Figure 5).

Figure 5. Number of Twinning initiatives led by a Finnish organisation (n=17 out of 39 initiatives).



In terms of the geographical distribution of the ICI and Twinning initiatives, the team chose to analyse it in terms of regions rather than individual countries. The reason is that some projects involve several countries and the list would have been too long for a meaningful representation in this report.

Figure 6 below shows that Central Asia is the region where most of the ICI and Twinning initiatives have been implemented, with 28 initiatives out of a total of 66. When the two instruments are looked at separately, we see that the top three regions for ICI initiatives are Central Asia (11 projects), South East Asia (7 projects) and Sub-Saharan Africa (4 projects). The top three regions for the Twinning initiatives are the Balkans and the EU accession countries (13 projects), Central Asia (17 projects), and the Middle East (3 projects).

Figure 6. Geographical distribution of ICI and Twinning initiatives by region (n=66).

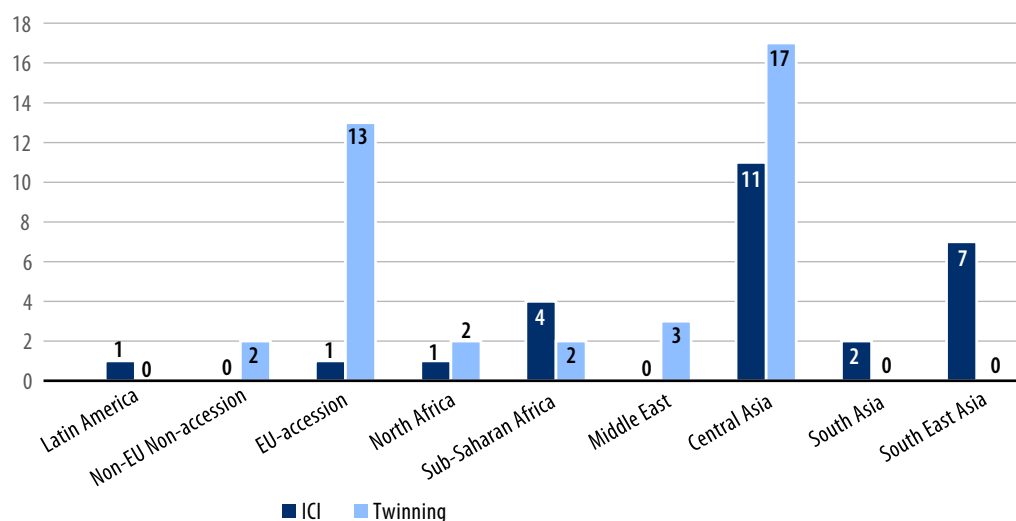
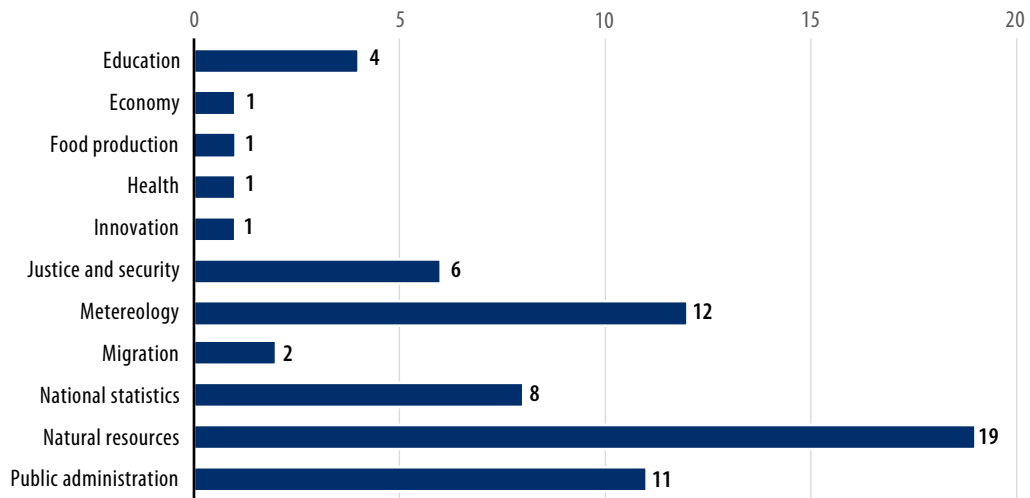


Figure 7 below shows the thematic areas of the ICI and Twinning initiatives as a whole. Most of the initiatives have focused on problems or issues related to natural resources (19 projects), meteorology (12 projects) and public administration reforms (11 projects)

Figure 7. Distribution of ICI and Twinning initiatives by sector (n=66).



We do not have exact data on the duration of all the ICI and Twinning initiatives. The average duration of ICI projects is 37 months (based on 24 records). Twinning initiatives are implemented on average over 24 months (based on 34 records) (Figure 8 below).

Figure 8. Average duration of ICI and Twinning initiatives.

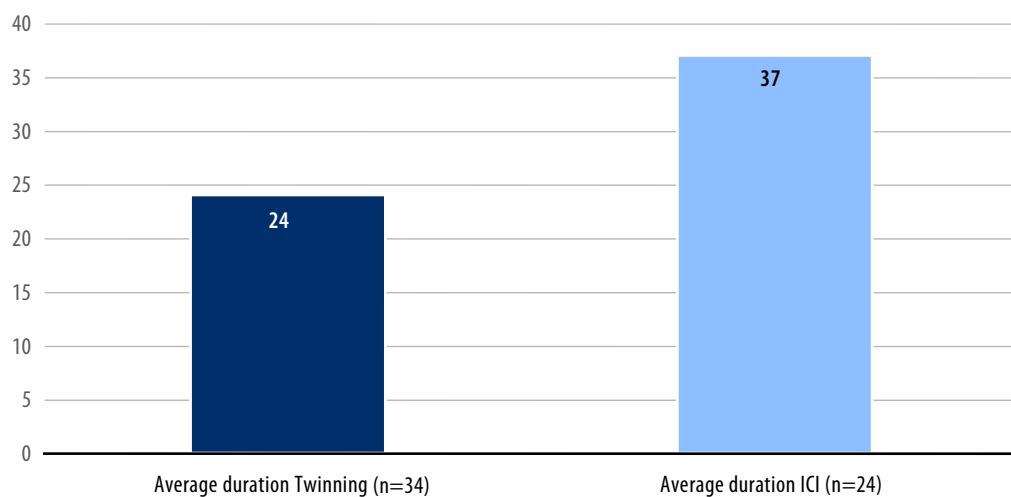
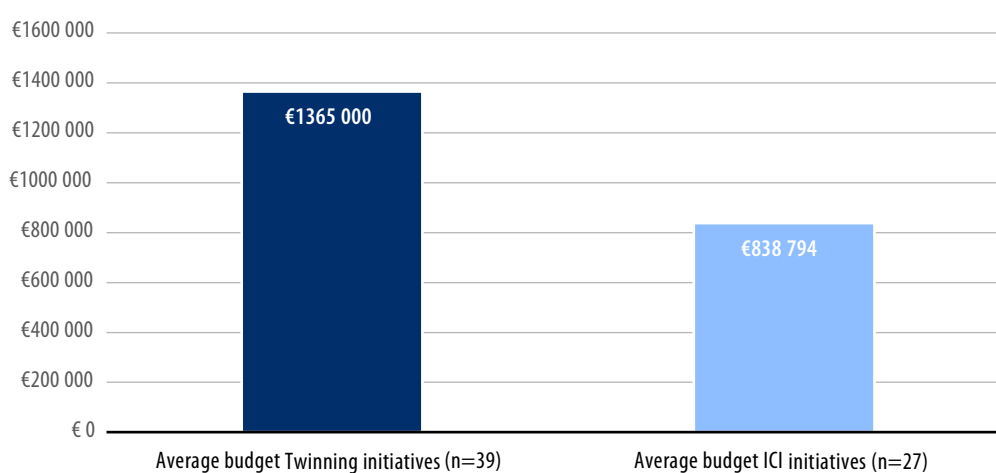


Figure 9 shows the average budget for ICI and Twinning projects. If average duration is compared with the average budget (recognising that number of records to estimate the averages is different) the monthly investment for ICI projects is approx. €22,500, while for Twinning projects it is €35,000.

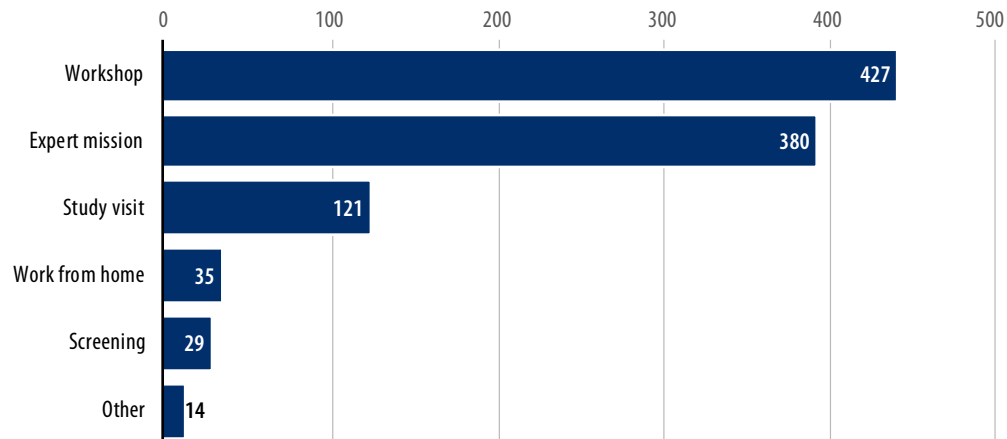
Figure 9. Average budget of ICI and Twinning initiatives.



Regarding TAIEX, the collected dataset includes 1,006 records from between November 2005 and January 2021. Five main types of activities were identified. A small number of activities in the dataset do not fall under these five main categories. These are grouped under the category “Other” (see Figure 10).

Workshops are the main activity funded through TAIEX. Expert missions and study visits are the next activity. While “Work from home” and “Screening” can be identified from the dataset, no clear definitions for these activities were available. It is therefore unclear what exactly they refer to, but should be recognised as important types of TAIEX-funded activities.

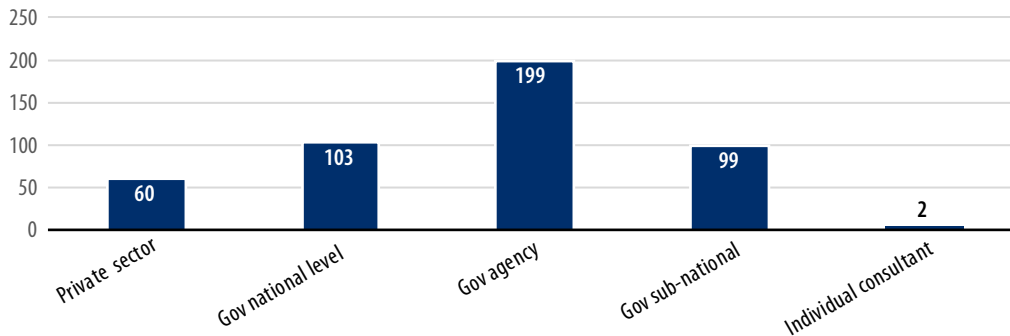
Figure 10. The number and types of activities funded through TAIEX (n=1006).



For a comprehensive analysis of the TAIEX dataset, 463 records covering the years between 2017 and 2021 were examined in more detail. This has helped to align the analysis with the timeframe of the studied ICI and Twinning initiatives.

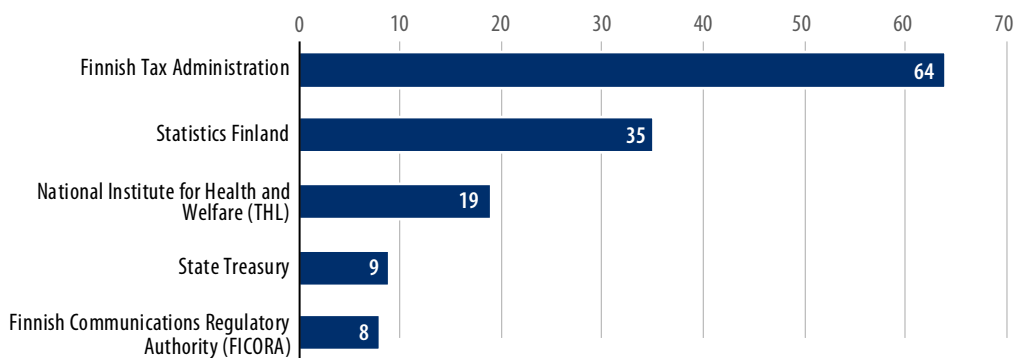
Figure 11 shows the number of events and supplier type of TAIEX activities and events. Specialised Finnish government agencies (e.g. THL, Statistics Finland, Migri, SYKE, etc.) are the main category of suppliers with a total of 199 activities. National government organisations (i.e. national ministries) are the second largest group of suppliers, with a total of 103 activities. Sub-national government organisations include, for example, Finnish municipalities and have led or contributed to a total of 99 activities. The private sector includes companies and semi-governmental organisations like VTT and Motiva, which have been involved in a total of 60 activities. Overall, 27 different organisations running a total of 463 activities/events between 2017 and 2021 were present in the data.

Figure 11. The number of events and types of TAIEX-funded activities between 2017–2021 (n=463).



The top five organisations implementing activities under TAIEX are shown in Figure 12 below. The Finnish Tax Administration is at the top with 64 activities followed by Statistics Finland (35 activities), THL (19 activities), the State Treasury (9 activities) and FICORA (8 activities).

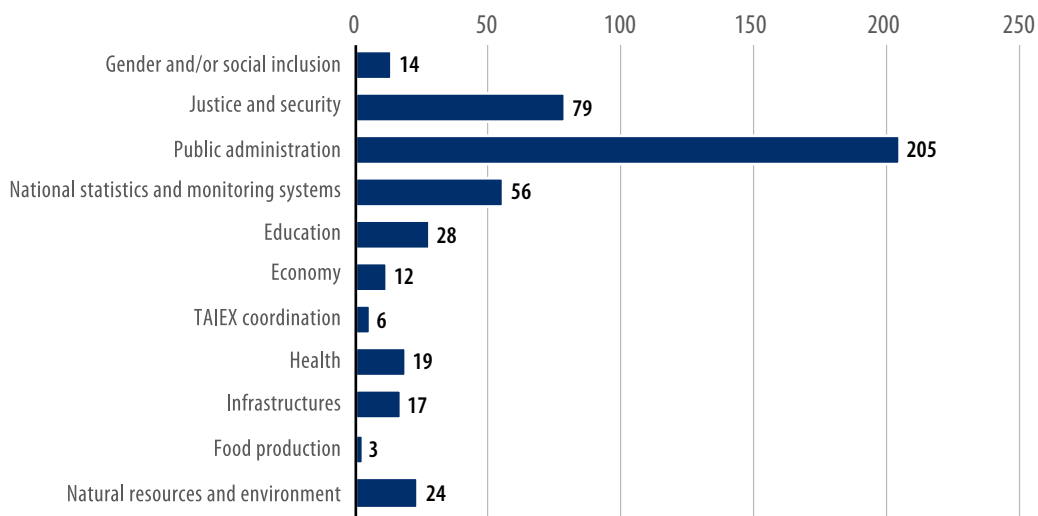
Figure 12. The top five agencies implementing TAIEX-funded activities between 2017–2021 (n=135).



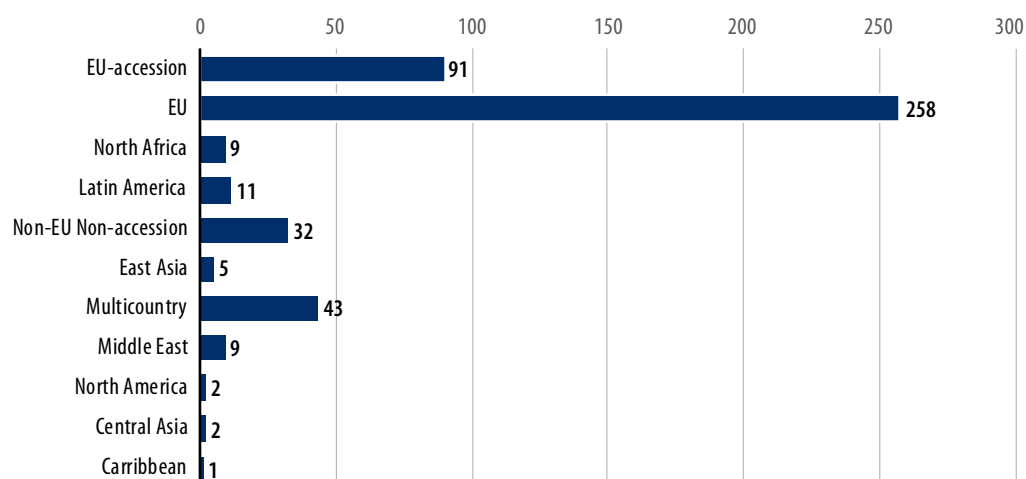
Compared to the ICI and Twinning projects, the TAIEX activities/events have touched upon a larger number of thematic areas between 2017–2021. The dataset used in this study does not include a thematic categorisation. The research team created thematic tags to allow for a comparison with thematic areas in ICI- and Twinning-funded initiatives. Tags are based on event or activity titles, meaning that some variation due to approximation can occur. Figure 13 below needs to be interpreted with this caveat in mind.

Most of the TAIEX-funded activities fall under the Public Administration theme (205 activities), followed by Security and Justice (70 activities and including also the theme of migration) and National Statistics and Monitoring Systems (56 activities).

Figure 13. The number and thematic areas of TAIEX-funded activities between 2017–2021.



The majority of the TAIEX-funded activities between 2017 and 2021 have taken place in the EU (258 activities, see Figure 14). The EU accession region follows with 91 activities, and 43 events/activities have taken place involving participants from different regions, which were categorised as “Multicountry” as defined also in the TAIEX dataset. TAIEX activities have taken place in numerous cities in Europe and the Mediterranean region, but there are too many of them to be fully listed here. Helsinki and Nicosia are the cities where most activities have taken place, 137 and 114, respectively.

Figure 14. Geographical distribution of TAIEX-funded activities between 2017–2021 by region (n=463).

The mapping exercise provides an initial overview of the extent and breadth of ICI, Twinning and TAIEX related PSE in Finnish development policy. It highlights central notions regarding the actors, regions and sectors currently most active in development policy-related projects. However, conducting the mapping exercise made it possible to recognise certain monitoring and data-related issues, which should be taken into considering when developing engagement with PSE. Improving the quality of monitoring and quantitative data is important. As mentioned, several data and information gaps were identified during the analytical process. Some of these gaps were filled by the research team on the basis of interpretive approximation. Data management and regular analysis of available data should be managed centrally to reduce potential errors.

Across the three instruments (ICI, Twinning and TAIEX), a wide range of organisations are involved in projects and activities. ICI and Twinning involve only public organisations and agencies. TAIEX projects, on the other hand, have a mix of public, semi-public and private organisations. The organisations that implement most of the projects and activities have a robust technical competency, which aligns well with the intent of such international partnerships. They are well suited to respond to technical (often in the form of capacity-building and professional development needs) that foreign partners have identified and want to address.

The geographical coverage of ICI and Twinning initiatives aligns with Finnish development cooperation investments in Central Asia and in EU accession countries. Nevertheless, it is important to note that Finnish development cooperation includes bilateral cooperation agreements with countries in the global south. Development policy investments in

Central Asia and in the Balkans where, in coordination with the EU, Finland supports the strengthening of the institutional capabilities of the countries seeking EU accession. Development cooperation, and agency engagement specifically through Twinning or TAIEX, can therefore be seen as including geopolitical dimensions as well.

4.2 Contributions and value-added

By interviewing officials from key agencies using ICI, Twinning or TAIEX instruments, the research team identified several contributing aspects and perceptions of added value of PSE. Contributions and perceived added value can be understood to reflect the incentives that agencies have in participating in development policy-related international cooperation. The study data showed that there is a strong consensus concerning the potential of PSE in adding value to Finnish development policy and contributing to reaching development policy objectives. However, certain constraints (e.g. administrative or policy-related) can hinder the effective development of such potential. These challenges are explored in the following chapter (4.3.).

Overall, engaging in PSE activities helps Finnish public organisations and agencies reach beyond the borders of Finland during the implementation of their strategies and the contribution to the outcomes they have set for themselves. ICI- and Twinning-funded projects usually cover an extended period (from several months to two years) which has an effect on partner country relations. In the case of TAIEX, however, project timelines are much shorter and linked to specific events, meetings and workshops. International collaboration can enhance the profile and visibility of the competencies and know-how of Finnish agencies, but also of the administration more broadly. This further strengthens the view that Finnish public sector institutions are highly valued internationally, and their expertise is in demand. Respondents in this study highlighted that increasing cross-sectoral collaboration can further strengthen development policy-related activities and the engagement of the public sector.

The internationalisation of the work of Finnish public organisations and agencies contributes to strengthening the international experiences of their staff through short to medium length periods spent working in the partner organisation. The respondents mentioned that this contributes to the overall strengthening of individual and organisational capacities. Skills and professional development of agency staff is a key component influencing engagement in PSE activities. Most respondents mentioned that their organisations' strategy documents do not include explicit reference to PSE-related engagement, although in some cases references to internationalisation are made. Some of the interviews highlighted that the contribution of public agencies to development policy is only an added contribution – a secondary issue in their work.

Agencies participating in PSE activities contribute to the strengthening of the relationships and networks that Finnish public organisations have overseas. With ICI and Twinning initiatives, Finnish organisations either lead a collaboration with public organisations in one or more countries or are part of an international consortium implemented over several months. In either case, there is an opportunity to develop relationships that can go beyond the project duration and contribute to expanding the international network the agency has. Respondents in this study highlighted that development cooperation projects also allow networks to develop with a variety of actors within a given sector. Although TAIEX initiatives last only a few days, they can bring together many international participants at a conference, seminar or workshop, and can thus create a basis for longer-term partnerships funded by other instruments (e.g. ICI or Twinning). Respondents see any type of PSE activity as enhancing the branding of Finnish competence and know-how overseas and Finland's international image. Therefore, in addition to the work of participating agencies, PSE can also support the internationalisation of Finnish private sector actors.

All the interviewees mentioned that, in their view, PSE (in particular ICI and Twinning) contributes to strengthening the capacities of partner organisations. There is also anecdotal evidence that collaboration and partnerships improve professional confidence of officials both in Finland and in the partner organisations abroad. Moreover, most of the respondents mentioned that individual contacts continue after projects are complete. This draws attention to the significance of individuals' networks and skills in the internationalisation efforts of agencies.

Discussions during the interviews as well as the workshop noted that successful partnerships can make a significant and lasting contribution to the capabilities of partner organisations. Some of the characteristics of successful partnerships are long-term collaborations or connections, increased motivation, mutual trust-building, shared objectives, understanding local context, the involvement of different stakeholders and using complementary funding sources. These kinds of partnerships can best influence partner organisations with the results of the collaboration possibly extending to the wider society. Some examples of such partnerships include the improved use of geodata and weather forecasting technologies, and their impact on people's livelihood and society's preparedness against weather-related disasters.

While the impact evaluation of select initiatives is not within the scope of this study, we reviewed two evaluation reports which were published in 2017–2018 on the cooperation projects implemented by FMI, Luke, GTK and VTT in Asia.¹¹ The reports conclude that cooperation projects achieved the results they intended. Capacity-building was evident among the groups of staff within the teams or segments involved in the projects. Overall, the evaluation reports conclude that the cooperation between Finnish organisations and agencies improved technical capacities specifically in the partner organisations.

The overall perception of study respondents is that the ICI, Twinning and TAIEX-funded PSE activity adds value to achieving Finnish development policy outcomes. Most of the respondents mentioned that the challenges that government agencies in partner countries face are global. Therefore, the PSE contributions can be seen as contributions to solving global challenges which the Finnish development policy strategy also addresses. PSE-related international cooperation is considered a worthwhile investment. This also seems to be the position of Nordic development agencies such as Norad and Sida, which are currently increasing their investments and expanding their collaborations with other government agencies.

4.3 Challenges and opportunities

Drawing on the interviews, workshop and survey data, the research team was able to identify several challenges and opportunities that can have an impact on the use of PSE in Finnish development policy and cooperation. These challenges and opportunities relate to the role and functions of both the MFA as well as participating agencies. Recognising that current development policy issues reflect high interdependencies and relations, while also affecting multiple sectors and policy domains, the research team categorised the most relevant challenges and opportunities in using PSE according to a model that acknowledges the components of systems change:¹² i) administration and operations, ii) resource flows and funding, iii) policies, iv) networking and relationships, and v) mental models.

The previous chapter discussed the contributions and value added of PSE initiatives to Finnish development policy. While there is general consensus around the fact that PSE activities add value to development policy, respondents also mentioned that it is not

11 Evaluation of ICI Projects in Afghanistan, Bhutan, India, and Nepal (2021). Ulkoministeriö, Final evaluation of three Institutional Cooperation Instrument (ICI) projects in Vietnam (2018). Ulkoministeriö.

12 Kania, John, Kramer, Mark. & Senge, Peter (2018). The Water of Systems Change. https://www.fsg.org/publications/water_of_systems_change.

always clear how individual projects or initiatives are tied to wider Finnish development policy objectives. For example, it was mentioned that ICI-funded projects focus primarily on capacity-building, but target a limited group of officials or staff. This can have an effect on achieving strategic outcomes if connections between such officials and broader objectives are not appropriately clear.

However, we do not see the relatively technical focus of the PSE initiatives as limiting the contribution to the Finnish strategic development outcomes. If we accept the need to assess the contribution rather than the attribution of the results of a PSE project, then it is possible to design a line of sight between the technical results of a project with higher-level policy outcomes. Nevertheless, to harness such strategic potential, it is necessary to identify key challenges that might restrict the development of PSE activities and PSE as a tool in development policy.

Administration and operations

A central administrative challenge that also has an operational impact is the role and function of the MFA in relation to participating agencies and the overall coordination of PSE activities. Currently, the administration of PSE-related cooperation can be seen as relatively dispersed. According to the interviews, agencies consider it somewhat difficult to manage relations with the MFA as they do not know who to contact or where to find needed information. These uncertainties and challenges relating to administrative processes can affect institutional coordination between the MFA and agencies, or among agencies themselves, but also with regard to other key stakeholders. Moreover, as the data collected for this study suggests, agencies do not consider ministerial level input (e.g. steering or political coordination) to be sufficient. Further engagement from the ministries could clarify the possibilities, abilities and capacities to engage in development cooperation at the agency level.

Exchange of information is currently not considered to be systemic, which has an effect on the amount of collaboration between agencies. Currently, some agencies collaborate to a limited degree, but room for improvement remains. Such improvement could be attained by developing ways of increasing cross-agency dialogue and participation in PSE-related activities. Furthermore, it is crucial to improve coordination and dialogue with partner country actors. As Finnish agencies participating in development cooperation often occupy particular niches with specific expertise (e.g. in terms of climate change), strategically conscious support and assistance might be required to improve the effectiveness of cooperation with partner country agencies. Also, respondents often noted that targeting several development policy objectives within their specific area of expertise is both an operational and an administrative challenge, particularly in terms of reporting.

PSE-related activities often take place with partner countries where democratic principles are challenged and local public administration is often under-resourced. This affects project implementation and requires specific planning and risk analysis from Finnish officials. Particular attention should be paid to the capacities of local agencies in partner countries as well as personnel rotations which can significantly affect project implementation.

The interview and survey data showed that current administrative practices, particularly relating to the use of the ICI instrument, are not considered flexible enough to support a multistakeholder approach. Additionally, some respondents highlighted that current administrative practices do not fully support a demand-driven (needs-based) approach to engagement with the partner country if such demands are not in line with the administrative cycle of ICI funding. However, despite some perceived inconsistencies in administrative coordination, overall relations between active agencies and the MFA is seen as positive. Targeted support in administrative practices from either the ICI consultant or the MFA could improve agencies' operational capacity. Also, as highlighted in the data collected, Finnish embassies and representations abroad offer unused potential for agencies' engagement in partner countries.

Resource flows and funding

Resource flows¹³ are generally seen as scattered. Agencies need to coordinate diverse sources of funding and knowledge to create coherent and sustainable projects with their partners. This can involve private sector actors, civil society, research, infrastructure-related actors or instruments, both at the EU level and in Finland. The dispersion of resource flows is considered a notable challenge, especially in agencies where resources dedicated to PSE activities are limited.

Engaging in PSE-related cooperation covers only a small part of agencies' strategy and purpose. This has an impact on resource allocation within agencies. Balancing responsibilities between Finnish and partner agencies, especially regarding senior personnel allocations, during projects can thus be a challenge. As steering ministries do not take an active role in PSE cooperation, the responsibility for direction and prioritisation often falls on individual agency officials. Appropriate resource allocation is crucial to sharing responsibilities between Finnish and partner agencies. For example, the changing personnel and dispersed administration of ICI instrument is causing challenges

13 Finances, people, knowledge, information and other assets such as infrastructure and their allocation and distribution.

for agencies in terms of who to contact and where to find needed expertise in the MFA. Personnel rotations should be taken into account in agencies as well; internationalization and development policy projects need to be streamlined across thematic areas or desks.

Agencies do not currently have enough information on the overall development policy objectives of Finland or the EU, nor is the scope of funding opportunities for development cooperation well known. Limitations to the availability of information can negatively impact the efficient use of resource flows or the activity level of PSE engagements and international cooperation. However, combining resource streams can provide opportunities for stronger PSE engagement, but it currently requires agencies to develop such arrangements themselves. To fully harness the opportunities of PSE, coordinated allocation of resources can help effective policy implementation and stronger international partnerships.

Policies

PSE-related cooperation is generally not defined in agencies' strategies. Neither the MFA nor the guiding ministries of agencies have a strategy for PSE. Such a lack of policy affects the use of public sector knowledge and expertise in development cooperation, but also the overall engagement of public sector actors in development policy. A key challenge to creating a solid PSE policy is recognising interdependencies and cross-cutting objectives as well as reporting requirements.

Currently, only the manuals for ICI and Twinning instruments administration guide the actors in PSE. Sharing information and best practices with Nordic partners (Norad, Sida) and making use of the structures of Nordic cooperation also provide opportunities for the development of a PSE policy.

Networking and relationships

Respondents widely considered that there is not enough dialogue among agencies themselves or between agencies and the MFA, but also with other stakeholders like the private sector. The lack of dialogue hinders the effective development of multistakeholder approaches or the recognition of interdependencies between projects. There seems to be a strong desire and willingness for enhanced exchange of experiences and learning as well as collaboration by and between agencies. The lack of any structured forum for dialogue was seen as a challenge to effective administration of the funding instruments. Organised dialogue and sharing of information should also be seen as a way to increase the number of public actors engaging with PSE-related projects and in development policy in general.

The relationship between agencies and the MFA is seen positively, although considered ineffective in some areas. Agencies are already working together using their own means and the willingness for more systematic and structured collaboration is strong. For example, HAUS already has experience in convening joint dialogue within the education sector. It should also be noted that enhancing a cross-administrative and cross-sectoral working culture can be of interest to international partners too. Collaboration and sharing experiences with Norad and Sida could provide for broader structures for Nordic-wide dialogue.

Mental models and mindset

While mental models as underlying conditions are more difficult to study, some interpretations can be offered from the qualitative data collected. The interviews highlight that agencies think of PSE-related work differently from the MFA. There is an inconsistency between the mindset of the MFA and project implementing agencies. While the Agenda 2030-related goals or overall development policy objectives are considered important by agencies, the motivation to conduct PSE-related projects is more intrinsic. Agencies strongly consider their own strategic objectives and organisational targets (e.g. in terms of internationalisation) when developing potential international projects.

5 Enhancing PSE in Finland

5.1 Key findings of the study

PSE is a key component of Finnish and EU-level development policy. Moreover, the importance of PSE is also increasingly recognised in Sweden and Norway as public institutions and agencies have the potential to provide strong and cost-effective expertise for development cooperation projects. Finnish agencies have contributed to effective policy changes in partner countries, and agencies consider PSE valuable to their operations. In Finland, agency engagement in development cooperation is relatively diverse with currently around 10 active agencies spearheading the activities. There is broad agreement on the importance of international collaboration and the role of the public sector in advancing development policy objectives. The MFA is seen to be in a central position in directing and coordinating PSE activities in Finland.

The gaps in collected statistical data during the mapping exercise suggest that further attention should be paid to developing a comprehensive database for all activities. Such a database could be managed centrally through an established coordinating unit for all PSE-related activities. Increasing policy coherence and goal-oriented engagement for public sector actors in development policy requires consistent monitoring practices. Considering the challenges faced and opportunities for stronger engagement, coordinated information available to both agencies and the MFA is crucial.

The primary contribution of public sectors' engagement in development cooperation is in strengthening of technical capabilities and personnel skills in partner organisations. In some instances, the strengthening of technical capacity has a potential impact on the partner organisations' wider processes as well as society at large. An example of this is the case of FMI and their technical assistance and capacity strengthening cooperation on weather forecasting and flood warning systems. However, it would be necessary to conduct a thorough impact evaluation of such cooperation activities, as it would assist in addressing possible shortcomings or gaps in PSE-related cooperation.

Engaging in PSE activities improves the internationalisation of the organisation and the expertise of agency staff. Cooperation with partner country agencies builds networks that are significant in future collaborations and possibly establishing new funding arrangements. Supporting and building Finland's country brand, and at times supporting internationalisation efforts for the private sector, are also seen as important by agencies.

Finnish public sector institutions are highly valued internationally, and their expertise is in demand. Strengthening cross-sectoral collaboration is seen as important for future PSE activities.

The ICI instrument is not considered flexible enough to cover collaboration that would benefit from a multi-stakeholder approach. If necessary, agencies need to look for alternative resources and partners to bring in needed coherence to reach project targets. The lack of desired flexibility is also reflected in possible administrative bottlenecks. For example, in the context of the ICI instrument, if funding procedures and administrative schedules do not align with requests from the partner country or partner agency, implementing the project becomes challenging. Agility between Finnish and partner country agencies is considered limited, which can also affect funding arrangements.

The underlying condition that brings uncertainty and challenges to the PSE system relates to the diverse understanding of the purpose and added-value of the agencies' contribution in development cooperation. The agencies' and the MFA's views on the value of the activities are currently not fully aligned and there is no centralised guidance or strategy for the work, which adds to inconsistency or challenges in project implementation. Significant unused potential in utilising PSE exists. Improving dialogue and clarifying tasks and responsibilities could improve synergies between actors and project objectives. Here, the experiences and lessons learned from Norway and Sweden are also crucial.

In order to realise the unused potential of PSE in Finland, three key areas should have further attention paid to: 1. Organisation and administration, 2. Budgeting and finance and 3. Skills and human resources. The first category (Organisation and administration) focuses on the coordination and strategic direction of PSE. The second (Budgeting and finance) covers resource and finance-related issues. The third (Skills and human resources) highlights officials' skills-related issues and the sharing of knowledge.

5.1.1 Organisation and administration

The direction of PSE-related cooperation activities is currently fragmented. There are separate contact points for agencies in MFA for Twinning- and ICI-funding, in thematic advice and in regional and country programming. Embassies play a key role in those countries where Finland has representation. The ICI consultant assists agencies in administrative areas. However, there is no clear guidance for agencies on whom to contact and when, or on how the work is aligned with other MFA objectives and procedures. The integration to country programme objectives and other development actors within the Finnish development programmes is seen as inadequate by respondents to the study.

Inadequate coordination is linked to the lack of a common, cross-administrative PSE strategy. While the MFA is expected to take a lead on the coordination, it is also important to notice that the sectoral ministries have not yet taken part in defining the agencies' objectives for international cooperation within development policy. At the agency level, PSE activities are aligned with the agencies' overall strategy; however, due to the lack of PSE-specific strategies and targets, there is a risk that the actual work will be left to individuals' effort. The strategy stating a joint purpose for PSE would also assist in clarifying the current challenges related to the alignment of the high-level cross-cutting development objectives and the technical focus of the implementation.

Possible policy responses:

Analyse the pros and cons of PSE administration in reference countries (eg. Sweden and Norway, but also Germany, France and Spain) particularly in terms coordination and strategic direction. Bearing in mind the difference between the MFA and Sida and Norad, an analysis clarifying the MFA's views on the coordination and strategic guidance mechanisms of PSE in Norway and Sweden should be conducted. The PSE environment in these countries is wider and the mechanisms more institutionalised, such as in terms of the thematic and country programme guidance. Therefore, Sida and Norad can provide in-depth information on the practicalities and their costs to MFA for the process of systematising the management of PSE in Finland. Reviewing and adapting the approaches in Norad and Sida can assist Finland in finding the improved added value of Finnish public sector institutions' role in development policy implementation.

Create a coordination unit for PSE. The idea would be to offer agencies a single point of contact within MFA for all their PSE-related matters. The coordination unit would assist in strategic planning and decision making concerning coherent and effective PSE implementation and guide the monitoring, evaluation and learning activities to support decision-making. It would assist, for example, also in channelling the increasing opportunities of the public-private collaboration within the new approaches of the EU development policy. The structure could be a small task force with a secretariat within the MFA or outsourced, for example, to HAUS or as an extension of the responsibilities of the ICI consultant.

Formulate a cross-administrative strategy for PSE. To create understanding between MFA, the top and middle management of the agencies and the implementing experts on the added value of the PSE and the role of international collaboration within agencies' work, joint strategic discussions should be held. The outcomes of these discussions would best be integrated into existing strategies (e.g. strategy for public actors). It is important to acknowledge the importance of the MFA's country programmes and relevant diversity among country-specific development objectives. Examining how

to combine transnational phenomenon-based (eg. relating to Agenda 2030 goals, such as climate change, poverty, food security) and more localized strategic actions could provide relevant insight.

Create a dialogue forum for agencies and key stakeholders. Systematised dialogue between agencies and the MFA and other key stakeholders (e.g. private sector and civil society when appropriate) would enhance mutual learning and encourage participation in development policy projects. Such a forum could also assist agencies in planning joint, cross-sectoral activities and exchange experiences in working within different contexts for different development objectives. A dialogue forum can also assist the MFA in providing information and training effectively to all agencies. Norad has a similar structure in place (within Knowledge Bank) and could thus provide relevant ideas for Finland. Discussions with key agencies and the MFA throughout the study have shown that there is broad interest in engaging in regular but informal exchange.

5.1.2 Budgeting and funding

Financing arrangements and the available budget for PSE create the primary incentives for agencies and their experts to participate in international collaboration. Currently, the key instruments of ICI, Twinning and Taiex differ in how and at what levels the compensation is shared with the experts and their agencies. While EU-funded initiatives have rather strict financing frameworks, there is significant interest among key agencies to explore new financing arrangements that would provide longer term predictability to engaging in international cooperation. The Finnish Ministry of Finance offers general guidelines for funding.

The core idea of PSE is to be demand-driven; however, for example, ICI funding is not considered flexible enough to account for existing needs. Moreover, the desire of the Finnish agencies concerning multistakeholder collaboration and coordination for coherent and sustainable outcomes has not yet materialised among the different funding instruments.

Possible policy responses:

Research alternative funding arrangements, bearing in mind the standardised procedures of compensation within Twinning and Taiex. A comprehensive analysis of EU and Nordic compensation arrangements could provide a solid target-oriented financing scheme. To ensure agencies' motivation to participate in Twinning projects, Sida's example of covering the compensation gap between EU remuneration and the general level of compensation could provide a relevant approach for Finland as well.

Improve multistakeholder collaboration within PSE. This can be done in varied ways simultaneously: 1) through specific encouragement and funding allowances within the ICI instrument; 2) through improved information sharing, coordination and programming between key instruments, such as ICI, HEI-ICI, PIF and CSO funds; and 3) through provision of coordinated dialogue opportunities for the key stakeholders to engage in strategic and thematic discussions. For the latter, Sida and Norad have models that can offer examples.

Conduct an in-depth study on the opportunities and challenges relating of using expertise from the agencies. The reduction of Finnish expertise due to reducing bilateral development cooperation could be compensated at least partly by procuring expertise from the agencies. This kind of pool of expertise could also provide a cost-effective alternative for the use of consultants while integrating the development expertise better to Finnish administration and governance. However, the legal implications should be studied first. Norad is in the process of looking into these options as well and thus collaboration could be useful.

5.1.3 Skills and human resources

One of the key incentives for the active agencies to participate in PSE is that through international collaboration their experts build capacities and increase their international networks. The study survey and TAIEX database point out that apart from the active agencies there are also other agencies within the PSE ecosystem that have experience in PSE and a willingness to support the international development of public administration further. However, participation needs to be encouraged. Finnish agencies do not have enough information about Finnish and EU development policy objectives and the role of PSE in it. Increasing dialogue among agencies as well as between the MFA and agencies is considered important.

A central issue for agencies and the MFA is in securing future expertise, skills, and personnel for development cooperation. Demographic realities (eg. aging general population) and current staffing demands reflect challenges in attracting emerging talent or young professionals, such as students or recent graduates, into the public sector and positions relating to international cooperation.

Possible policy responses:

Provide comprehensive information for the sectoral ministries and their agencies on the role, procedures and added value of PSE, and make full use of the networks and human resources of the MFA in assisting agencies' international efforts. To incentivise potential agencies to take part in PSE, it is essential that all actors have the key information on PSE: its role in development policy and Agenda 2030, different procedures and funding opportunities related to it, especially at the EU level, and general value-added of the activities for the agencies and their experts as well as Finland at large. It should also be acknowledged that consistent and comprehensive information about funding opportunities can allow agencies to anticipate and prepare for potential human resources needs. Moreover, representations and embassies abroad, particularly the Team Finland network, are key information, contact-point and support providers for internationalization.

Analyse the possibilities of joint project preparations and personnel trainings with Sida and Norad, but also with EU partners. Sida and Norad are already conducting training for agencies on context analysis and cultural issues. Training can be crucial for avoiding initial misunderstandings and delays within project implementation and thus supporting their effectiveness and sustainability. Collaboration with Sida and Norad should be considered. Also, considering the relevance of the EU in Finnish development cooperation, exploring training and planning exercises on the EU-level and with key reference countries (eg. Germany, France, Spain) could provide important

Assist sectoral ministries and their agencies to integrate internationalization and international cooperation into staffing, career development and trainings. As one of the key incentives for agencies to participate in PSE is the contribution of the staff capacities and international connections, it is essential to make this visible and intentional within the organisations. Explicit human resources policies within agencies that take into account PSE and international projects could provide needed clarity. Also, considering general challenges relating to personnel needs, such as attracting young professionals, it could be beneficial to consider specialized junior training programmes (eg. "Junior Professional Officer") for PSE-related international cooperation. It is important that the MFA and agencies openly communicate such personnel and expertise demands.

Summary

Main observations regarding the key findings of the study:

- PSE activities are currently agency- or instrument-focused, which has an effect on harnessing strategic potential.
- The current PSE operating environment or arena is fragmented without a coordinating body. Agencies are relatively independent operationally.
- The government programme and Finnish development policy objectives define the overall remits of agencies' international actions.
- Multi-stakeholder approaches to projects (incl. funding) are challenging; only limited flexibility.
- Skills are strongly tied to individuals and siloed both within and among agencies.

5.2 Towards a more systemic mission-driven approach?

The previous chapter outlined the current state of PSE in Finnish development policy according to the identified key categories as interpreted by the research team. Acknowledging the challenges and opportunities present, it is necessary to consider whether a new perspective or paradigm towards PSE activities is needed. As global challenges are increasingly complex, a holistic, more systemic, approach to using PSE could provide an effective avenue for future actions. This chapter outlines what such a perspective could mean in practice.

In contrast to traditional administrative steering, a mission-driven approach¹⁴ can take various organisational forms, such as a strategic or policy framework, a programme or a policy scheme. Their common feature is that they include consistent and integrated arrangements that allow for strategic orientation (co-creation of an agenda for addressing the challenge), holistic policy coordination (across policy silos) and integrated

14 See eg. Mariana Mazzucato, "Mission-oriented innovation-policies: challenges and opportunities," *Industrial and Corporate Change*, vol 27, 5 (2018), 803-815: <https://academic.oup.com/icc/article/27/5/803/5127692>.

implementation (a policy mix of interventions covering all relevant needs). As a result, they differ from, say, a strategy that lacks a dedicated governance structure and implementation mechanisms.

The transition from a traditional management and programme model to a mission- or systems-oriented one requires changes at all levels of operation. It is about a change in mental models, a change in networks and power structures, as well as structural changes.¹⁵

Drawing on the analysis of the data collected for this study, the research team compiled an initial table to reflect the main dimensions of the current and possible future state of using PSE in Finland. The table should be understood as an interpretive account and a heuristic framework for the development of PSE activities rather than a conclusion or a policy recommendation. As such, the information allocated to and organised in the table aims to bring forward central issues, as interpreted from the collected data, that merit further attention when developing PSE. Detailed studies into the differences, challenges and opportunities associated with moving towards a systemic model of making use of PSE should be conducted.

Traditional administrative approaches rely on a linear programme logic and pre-determined and fixed results and outcomes built as sums of individual actions. Projects or programme plans must be followed in order for actions to be coordinated. According to a systems approach, reality is made up of interacting parts that cannot be treated independently and then aggregated to describe the whole, as the analytical micro to macro approach does. The systemic approach is expansive as it makes it possible to examine not only systems and their subsystems, but also potential trajectories resulting from the collision of interconnected agents in a policy space (i.e. exploration of the space of possibilities). A complex socio-economic system is defined by its interconnectedness and embedded trust. As a result, a systems analysis places a premium on concepts such as emergence, co-evolution, connectivity, simple rules, iteration and self-organising principles.

15 Kania, John, Kramer, Mark. & Senge, Peter (2018). The Water of Systems Change. https://www.fsg.org/publications/water_of_systems_change

Table 1. The characteristics of administrative and systems-driven approaches as interpreted in this study.

	Current state (Administrative approach)	Future state (Systemic approach)
Organisation and administration	<ul style="list-style-type: none"> • Agency-specific strategies and projects • Unidirectional dependencies • Requires external management and direction 	<ul style="list-style-type: none"> • Flexible, agile • Promoting trust • Enabling self-organisation • Common strategy • Shared vision • Highlights interdependencies • Promotes multi-actor perspective
Budgeting and funding	<ul style="list-style-type: none"> • Predefined, fixed • Separated (project-based) • Limited role for multistakeholder approaches 	<ul style="list-style-type: none"> • Agile, adaptive and flexible • Forward-looking • Pooled • Inter-programme coherence
Skills and human resources	<ul style="list-style-type: none"> • Individual-focused • Depends on agency objectives • Siloed • Highlights administrative units 	<ul style="list-style-type: none"> • Policy-oriented (ref. objectives and SDGs) • Complementary • Pooled • Cross-sectoral • Accessible by network • Highlights learning

Figure 15. An example of a more coordinated approach to a cross-administrative use of PSE with a specified unit for pooled knowledge and processes – a one-stop-shop.

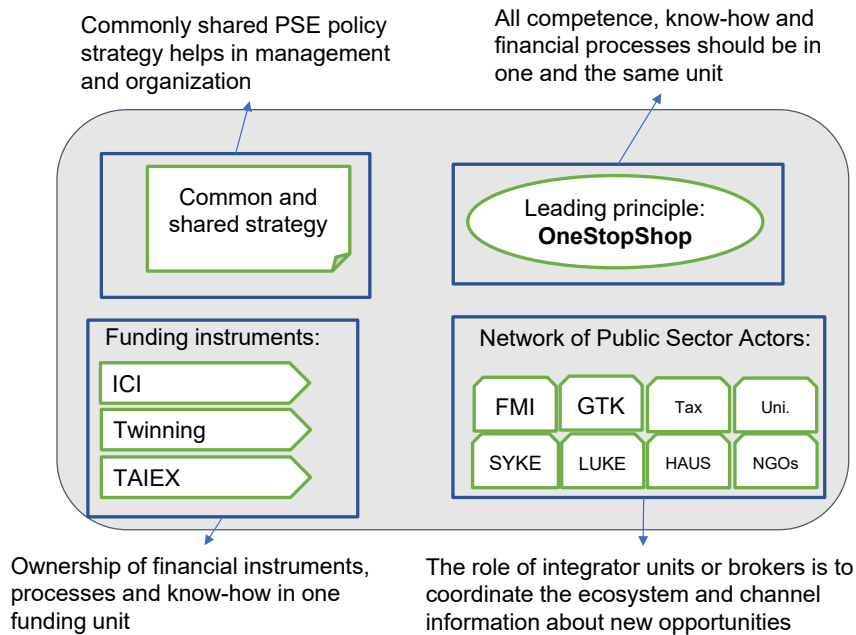


Figure 15 depicts an early account of a coordinated PSE operating environment as a cross-administrative system. Its operations are guided by a shared mission and strategic goals. Key resources (such as skill and expert rosters), support materials and information reserves are centralised in a common resource pool (one stop shop). Similarly, different financial instruments are centrally coordinated. This allows different financial instruments to be phased and coordinated as needed. Finally, relevant actors (agencies, universities and research institutes and non-governmental organisations) reinforce each other’s operating conditions and provide complementary expertise to the projects. Companies and the private sector can also be included to the extent that the financial instruments allow it. The previous government’s BEAM programme, for example, was an excellent example of collaboration between companies and research institutes in emerging markets. Coordinating interaction in the PSE system is the responsibility of one or more integrator units, but the MFA would have the responsibility of overall direction at the policy or political level.

6 Five points for the future

1. Developing a common, cross-administrative PSE strategy and a shared goal-oriented vision under the direction or guidance of the MFA could help harness associated opportunities and increase overall engagement. Such a strategy could provide coordination for public sector actors, clarify roles and responsibilities and tie issue-specific cooperation with partners to wider development policy objectives. A clear strategy can also enhance ex-post monitoring and evaluations, thus promoting comprehensive learning and policy-relevant effectiveness. Recognizing the significance of PSE in the government programme could mainstream strategic action across government and policy sectors.
2. Assessing a possible shift from an instrument or programme-oriented operating model to an adaptive systemic and mission-driven model would allow for operational flexibility and agility, while promoting new and innovative practices. The MFA's role could focus on supportive actions (according to a shared strategy) and in connecting national measures to the EU's PSE and development framework or other global networks.
3. Establishing a regular dialogue forum for Finnish PSE actors (agencies and MFA, as well as research, private sector and civil society when appropriate) to improve knowledge exchange within the system for increased effectiveness, efficiency and coherence in development cooperation. Such a forum can provide a lower threshold for those public sector actors that are currently not active in development policy initiatives. It can also support the transfer of Finnish knowledge to partner countries and sister agencies.
4. It is necessary to consider stronger engagement with Sida and Norad for generating in-depth insights and analysis of best practices in key areas. These areas would include issues of strategic guidance and management, engagement and dialogue between key stakeholders within PSE system, capacity building as well as the implications of procuring expertise from public institutions instead of providing grants. Also, joint training exercises and sharing experiences from pre- and post-project briefings should be considered.
5. Enhancing Nordic and EU-level cooperation could bring operational benefits during project planning and implementation. Finland should therefore actively participate alongside Sweden and Denmark, as well as Norway when appropriate. Also, actively engaging with key EU countries in PSE and global development, such as Germany, France or Spain, in the context of the Global Gateway and Team Europe initiatives can support Finnish PSE abilities and capacities.

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