

## **Audit Summary**

### **Finland's international climate finance - Steering and effectiveness**

*While the Ministry for Foreign Affairs is increasing Finland's international climate finance as set out in the current Government Programme, it lacks a published plan on how this increasing finance should be allocated and what its specific objectives are. It is also difficult to form an overall picture of how effective the finance has been so far.*

Under the Paris Agreement, Finland and other industrialised countries have undertaken to finance developing countries' efforts of both mitigating and adapting to climate change. International climate finance is part of Finland's official development assistance administered by the Ministry for Foreign Affairs of Finland.

In 2017–2019, the climate finance reported by Finland amounted to approx. EUR 47–147 million and accounted for around 6% to 15% of the total spent on development cooperation. The policy of the current Finnish Government is to scale up Finland's climate finance and to direct one half of it to climate change adaptation.

The National Audit Office of Finland has assessed the prerequisites provided by the steering of Finland's international climate finance for its effectiveness. The audit found that the Ministry for Foreign Affairs does not have a published plan regarding the amount, allocation and effectiveness of the increasing climate finance. The steering of climate finance has been decentralised to several units of the ministry without overall coordination. The ministry's human resources for the steering of climate finance are meagre, which is a risk to the quality of the steering. The recently updated theories of change and indicators of development policy as well as the case management system of the Ministry for Foreign Affairs provide a good basis for results-based management, collection of statistics and reporting on climate finance. However, the climate finance statistics and reporting are susceptible to errors. Moreover, the Ministry for Foreign Affairs produces and receives information on the effectiveness of climate finance to a variable degree from various funding instruments and organisations that channel funding. The information on the effectiveness of climate finance is partly inconsistent and inadequate, which makes it difficult to obtain an overview of it. The Ministry for Foreign Affairs has used the information on the results of climate finance relatively little in its decision-making, evaluations, reporting and communications.

The National Audit Office recommends that the Ministry for Foreign Affairs draw up a public plan for increasing and allocating Finland's international climate finance which justifies the choices, emphasises and advocacy objectives contained in it. The Ministry should also justify the decisions concerning climate finance from the perspective of climate results and ensure that the results of the finance are monitored, recorded and reported as systematically and consistently as possible.