



Ministry for Foreign
Affairs of Finland

Evaluation of the Finnish Development Policy Influencing in the European Union

Thematic brief – Climate change and forestry

Introduction

Background on links with Finland's development cooperation



Climate change has increased in importance in Finland's development policy since 2019. Thus climate sustainability was included as a cross-cutting objective for the first time in 2012 (MFA, 2012). In 2019, climate change was upgraded as the fourth policy priority area with an emphasis on natural resources (MFA, 2019c). In MFA's most recent development policy paper, the priority area is titled "*Climate change, biodiversity and sustainable management and use of natural resources*" (MFA, 2021e). The mainstreaming approach was revised in 2020 to distinguish between climate resilience and low-emission development (MFA, 2020b). In addition, the guidance recognises the implications of climate change as a human rights issue. The MFA's efforts to strengthen climate action align with Finland's own national climate policy (Finnish Government, 2019a).

The year 2019 also saw the formulation of Finland's **Action Plan for Climate Smart Foreign Policy** which covers security and trade in addition to development policy. The action plan extends to cooperation with the EU, Nordic countries, the UN, and other international bodies (MFA, 2022a). The document is internal to the MFA; its purpose is to mainstream climate change in all Ministry activities. The most recent update covers the years 2022-2023.

In 2021, the National Audit Office (VTV) audited Finland's climate finance for funds administered by the MFA during 2017-2019. The assessment also covered the current state of climate finance steering (National Audit Office, 2021). The report observes several shortcomings in the MFA's climate finance planning, monitoring, reporting, and communication, although positive developments were also discussed. Weaknesses in the coordination of the steering of climate finance are mentioned, and scarcity of human resources at the MFA is identified as a risk factor.

In 2022, the MFA published Finland's implementation plan for public international climate finance, indicating a twofold increase in budget (MFA, 2022c). In the same year, the Development Policy Committee (KPT) launched its own analysis demanding a clearer direction for Finland's climate finance (KPT, 2022). Thus, the MFA does seem to have stepped up its efforts on climate action, although strategic elements still require clarifying.

Forest sector cooperation has gradually declined in importance in Finland's development cooperation since the 2010s (Topper et al., 2019). On the other hand, Finnfund is increasingly taking the lead in the sector with investments in natural forest management, plantations, and forest industries in emerging markets (Spratt et al., 2018). Tanzania is among the few countries where Finland continues to implement bilateral forestry programmes (Laaksonen et al., 2021). Furthermore, some collaboration and influencing activities have taken place in the multilateral context, namely with the UN's FAO (Palenberg et al., 2020).

EU key events in the context



Climate change. The EU's ambitious overarching **European Green Deal** is expected to pave the way for policy reforms and sustainable investments (EU, 2022). The Green Deal is internal to the EU, but it also has implications for external action. It increases pressure on the EU to lead by example abroad, implement climate diplomacy, and ensure ambitious targets are reflected in its external financing and international partnerships (Blaschke & John, 2021). The EU has also played a pivotal role in brokering international climate agreements, including the Paris Agreement under the UNFCCC, adopted in 2015 (EC, 2022).

Climate diplomacy emerged on the EU agenda with the adoption of two Council Conclusions on Climate Diplomacy in 2011 and 2018 (Council of the EU, 2011, 2018). In 2020, the Council renewed its commitment to place climate action and diplomacy at the centre of external policy (Council of the EU, 2020). Since then, and especially during the COP26 in Glasgow, the EU has defined climate diplomacy as a permanent process instead of just linking it to specific events.

In terms of practical implementation, the **NDICI-Global Europe** financing instrument is expected to address climate change in a cross-cutting manner, with a spending target of 30% on climate change having been set (EC, 2021).

Forests. EU's external action on forests has focussed on reducing illegal logging. The main initiative is the **Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan**, launched in 2003. This aims to reduce illegal logging by strengthening sustainable and legal forest management, improving governance, and promoting trade in legally produced timber.

In recent years, the EU has been creating new momentum for forests by tackling **deforestation and forest degradation** "hidden" in cattle, cocoa, coffee, palm oil, soya and wood supply chains. In November 2021, the European Commission presented a legislative initiative as a follow-up to a European Parliament resolution in 2020 requiring obligations on operators placing these commodities and some derived products on the EU market or exporting them outside the Union (European Parliament, 2022). It is understood that the new resolution would gradually replace the FLEGT approach as a tool for addressing deforestation globally.

President Ursula von der Leyen also announced a **€1 billion EU pledge to protect world forests** at the 26th UN Climate Change Conference of the Parties (COP26) in Glasgow in November 2021.

Yet, despite these steps, an MFA official with long-term experience in EU matters argued that the Commission had not paid enough attention to forests in its external action. The absence of a comprehensive high-profile EU strategy on forestry (that extends beyond the elements described above) seems to confirm this view.

Finland's influencing objectives regarding



Strategy

Climate change. The MFA's general EU and specific EU development policy influencing plans include various entry points on climate action. The MFA has systematically included climate change in the former since 2018 (2018, 2020-2021, and 2022). Climate change is brought up in various contexts, namely, the EU's foreign and security policy, recognising economic opportunities created by climate change, and mainstreaming climate action in internal and external actions. Climate diplomacy first appeared in the MFA's internal influencing plans in 2018 and then consistently since 2020.

In Finland's **EU development policy influencing plans** (2018, 2020, and 2021-2022), the objectives are similar to the general EU influencing plans but more specific to the development policy and cooperation context. Examples include ensuring that sufficient funds are allocated to mainstreaming climate change in the NDICI-Global Europe instrument, economic recovery based on climate sustainability and low emission solutions and engaging third countries more in climate action. Similarly, climate diplomacy is given high importance.

Forests. The MFA's EU influencing plans make only a few points on forests. These focus on funding for forest-related interventions in the NDICI-Global Europe instrument and forestry as an eligible industry in the European Fund for Sustainable Development Plus (EFSD+). Eliminating deforestation and forest degradation from global supply chains is also mentioned, given the EU's past work on this topic.

Resources:

The Unit for Sustainable Development and Climate Policy (KEO-90) has been coordinating climate change affairs at the MFA. A new Ambassador for Climate Change started in May 2020. Moreover, from 1 August 2022 onwards, a separate unit was dedicated to climate and environmental diplomacy. Notwithstanding, the number of staff assigned for climate work is low relative to the level of ambition (National Audit Office, 2021).

A forestry and agriculture specialist was placed in the Brussels Perm Rep during Finland's EU Presidency, but there has been no such sector specialist since. But there is a plan to hire a forestry expert to follow up on the file of deforestation-free commodities and products in the EU (MFA interview).

Organisation

The MFA and the Ministry of the Environment are apparently closely aligned and coordinated on climate change matters (MFA interview). In forestry, joint efforts are also common: thus, an official from the Ministry of Agriculture and Forestry (MMM) chaired the Council Working Party on Forestry during Finland's Presidency, which helped align MFA and MMM resources behind a common objective.

MFA interviewees indicated that monitoring and feedback loops in this area could be improved; activities are often too reactive, and it would be beneficial to clarify the role of MFA leadership in steering the processes and priorities. This echoes the National Audit Office's report (2021).

Finland's influencing activities and achievements

Activities and Outputs



Activities and Outputs:

Finland's climate action related to the EU's development policy is closely interlinked with the EU's overall external action, namely international climate negotiations and climate diplomacy.

Finland is engaged in a number of platforms and initiatives, of which some are global, and others operate between the Commission and the EU Member States (MS). Those that engage actors beyond the EU often embed coalitions of EU MS. Below, we list some *examples* of Finland's engagement in the EU's climate and forest action relevant to development policy.

Finnish experts from the Perm Rep and MMM coordinated closely and worked with the Commission to pay increased attention to the issue of deforestation globally. Finland played an active role in the preparation of the **EU Communication on Stepping up EU Action to Protect and Restore the World's Forests** (from now on, 'EU Communication on forests') (EC, 2019). This process took place during Finland's Presidency and was supported by additional staff in the Perm Rep in 2019. At the same time, Finnish officials made a concerted effort to bring up the topic simultaneously in other Council Working Party meetings (environment; agriculture; and development cooperation). The fact that the Finnish official placed in the Perm Rep was an agriculture and forestry specialist facilitated the process. However, Finland's focus there was not on the development policy aspects but on domestic issues. Furthermore, MMM assumed a more active role in the influencing compared to the MFA, given the emphasis on the EU's and Finland's internal matters.

Overall, it can be argued that the Communication was significant from a development policy perspective both on its own and in the role it played in future legislation. However, Finland's contribution to the process was not significant from the perspective of development policy.

The process continued with a European Parliament resolution calling for regulatory action to tackle EU-driven global deforestation. Following this, on 17 November 2021, the European Commission submitted a legislative proposal to combat deforestation and forest degradation driven by the expansion of agricultural land used to produce specific commodities, namely cattle, cocoa, coffee, palm oil, soya and wood. The issue was also announced in the European Green Deal, the EU biodiversity strategy for 2030 and the Farm to Fork Strategy (European Parliament, 2022). In these latter steps, Finland has not been significantly involved.

Since 2019, Finland has become increasingly engaged in climate diplomacy, as the influencing plans also indicate. A recent major event was the **High-level Meeting on Adaptation Finance in Lahti, Finland**, on 3-4 April 2022. The meeting served as a preparatory step for the Glasgow COP26 of the UNFCCC, and it paves the way for the subsequent COP27 to be held in November 2022. One of the achievements of COP26 was the Glasgow Leaders' Declaration on Forests and Land Use, which was signed by 145 countries committing to sustainable management of forests. This links with the MFA's previous policy directions; it positions Finland as an important global actor and has created significant demand for Finland to assume some leadership in the negotiations.

The Lahti discussions occurred in the context of international climate negotiations, yet the role of the EU and Finland was central. The **Champions Group on Adaptation Finance** (launched at the UN General Assembly in 2021), supported by the European Commission, played a prominent role in the event. Finland emphasised the links between **forests** and **adaptation**, priorities that have emerged strongly in Finland's EU influencing (MFA, 2022d). Biodiversity conservation and management are seen as an integral part of the package. As a result of the event, Finland clearly positioned itself as a thematic leader in this field. Another platform closely related to the Champions Group, and one of Finland's flagship initiatives, is the **Coalition of Finance Ministers for Climate Action**. It is composed of 70 countries, including many EU MS and 25 institutional partners. It was established by Finland in 2019, and its objective is to mainstream climate change issues in the planning of economic and financial policy. The coalition follows the **Helsinki Principles** (2019) that highlight the unique position of Ministries of Finance to accelerate a just transition to a low-carbon and climate-resilient economy (Coalition, 2022). In March 2020, the Finnish Ministry of Finance nominated a Special Representative for Finland in the Coalition (Min. of Finance, 2020). The cooperation between this Special Representative and the MFA Ambassador for Climate Change is an example of close inter-ministerial coordination on foreign and EU policy.

With these advances in the climate negotiations, the elimination of deforestation from commodity supply chains (i.e., the 'EU Communication on forests') remains a relevant process for Finland as an EU MS. Stakeholder interviews suggested that the agenda continues to be monitored closely in the EU influencing context.

As a separate line of action, the MFA also influenced the EU to include forestry as an eligible sector in the **EFSD+**. However, the evaluation team could not confirm Finland's level of input from more than one source.

For **FLEGT**, MFA internal documents show that the file remained on the agenda during Finland's Presidency. In addition, Finland also financed some bilateral forestry projects that supported a partner country in accessing a Voluntary Partnership Agreement (VPA) (Williams et al., 2019). However, these initiatives have not included a direct EU influencing dimension.

Concerning **NDICI**, references to sustainable forestry were included in the text, in line with Finland's priorities. Similarly, provisions on climate change mainstreaming in the NDICI were included in the instrument but to a lesser extent compared to what Finland advocated.

Emerging from the country case studies:

Finland's activities in climate change and forestry in **Tanzania** (see case study) were mainly focused on adaptation in the natural resources sector but also mitigation in the forestry sector. However, the relationship between the Finnish Embassy and the EUD has become closer in recent years as the EU Multiannual Investment Plan (MIP) 2021-2027 features more forestry than its predecessors. Furthermore, the planned Team Europe Initiatives include a Blue Economy project in Tanzania. Here, Finland's forestry sector experience has played a role. For example, Finland's long-term cooperation in the forestry sector in the country provided the means to successfully negotiate the geographic scope of the initiative.

In **Nepal** (see case study), Finland is known for its successful WASH projects, one of which has received EU delegated cooperation funds. In the future, Finland aims to participate in a TEI that focuses on green recovery, where Finland can add value with its sector expertise. However, it seems that – even if the EUD has expressed interest in tapping Finland's knowledge in forestry, Finland has been reluctant to once again engage in the sector in Nepal though this may change with a new project on natural resource management in local government.

Outcomes



In EU external climate action, MFA has played a highly proactive role, especially since 2019. Finland has demonstrated leadership in the field of forests and adaptation, as well as mainstreaming climate change in the work of the Ministry of Finance. However, it should be noted that, regarding climate change in NDICI negotiations, Finland failed to take a more proactive role in pushing for a more ambitious target. Instead, it relied on other parties to improve the language on climate in the regulation, but those parties then failed to do so. This omission constituted a drawback for Finland in terms of its influencing objectives (for more information, see Section 4.3 of the main report).

On forestry, the evaluation team did not observe any specific and significant outcomes that could be linked to Finland's influencing activities on EU external action. This reflects the fact that MFA has not paid significant attention to forestry in its EU influencing objectives. However, forestry has returned to the high-level agenda in the past few years in the context of international climate negotiations, where Finland has worked jointly with the EU. Therefore, a potential exists for using Finland's expertise in this topic despite the fact that ground-level forestry activities have been gradually de-prioritised in the past. Also, interviews carried out during the evaluation with external stakeholders showed that Finland still holds the reputation of a country with solid forest-sector expertise.

Conclusions on Finland's effective influencing

Significance of verified outcomes



Finland's influencing objectives are ambitious, and a significant number of activities have taken place since 2019, considering the limited number of staff dedicated to the task. Finland's proactive role is generating considerable demand for engagement in the international arena, to which MFA and other Finnish ministries have been able to respond in a consistent manner. These processes often overlap and merge with other international and multistakeholder platforms.

Country-level influencing has demonstrated good potential and concrete results. Finland is well placed to influence the EUD in the forestry sector in Tanzania, which is closely linked with adaptation and mitigation activities alike. On the other hand, in Nepal, Finland has so far declined the EUD's invitation to support the forestry sector, though there are plans to include forestry in a new natural resource management in local governance project. Despite this rejection, Finland adds value to the EU through its WASH projects and climate action within those.

Contribution of other external factors



It is difficult and not even necessarily relevant to distinguish EU influencing from other types of international collaboration in climate diplomacy.

Conclusions on Finland's contribution



EU influencing in the forestry sector has shown positive momentum at times but, overall, constitutes a missed opportunity for Finland. However, 2019 marks a shift in this trend. In the 2000s, forestry featured strongly on MFA's overall development agenda, including several bilateral and multi-bilateral projects. However, since the 2010s, a decline in investments in this sector has been visible, although Finnfund has started to assume the role of forestry expert among Finnish development actors. In any case, EU influencing in the forestry sector has so far not been a top priority for Finland. Yet, given the relatively low profile of the Commission in the sector, there has been and still is room for an EU MS like Finland to take leadership. With the renewed visibility of forests in the international climate negotiations, there is good potential for Finland to regain this role. Recent MFA actions already show concrete steps in this direction.

Country-level influencing has demonstrated positive results; however, Finland has also declined a role as a key figure in the forestry sector. The rejection echoes the MFA's limited ability to respond to various potential opportunities.

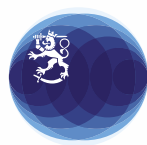
Nevertheless, Finland has stood firmly with those EU MS that promote ambitious sustainable development objectives in external action overall in various forms.

Other discussion



It is not too late for Finland to engage in the forestry sector in the EU's external action; the new "movement" requires consistency and resources in the long run. Prior experience from bilateral forestry projects and multilateral work with FAO coupled with Finnfund's forestry leadership among DFIs, expertise in other Finnish institutions, and past climate diplomacy efforts form a solid foundation for continuing the efforts. However, there are also past examples where momentum on promising lines of action has been lost. So far, a similar risk can be observed in climate diplomacy efforts.

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For the full report, see [MFA's website](#).